UNIVERSITY OF TARTU

Faculty of Economics
and Business Administration

NATIONAL AND INTERNATIONAL ASPECTS OF ORGANIZATIONAL CULTURE

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PREFACE

This book reflects culture and is influenced by culture. Focusing on organizational culture, it comprises articles written by people from different cultures. Culture plays an important role in today's world where cooperation between individuals, groups, organizations, and nations has become an imperative. We wish to provide the reader with a kaleidoscopic view of organizational culture, in which the national and international approaches combine, forming gripping patterns.

Containing contributions of many people, this book has undergone several stages of preparation. Here is the appropriate place to highlight some important facts in this process.

This volume is the second collection of articles on organizational culture compiled by the Chair of Management, University of Tartu, the first one, *Organizational culture in Estonia*: *manifestations and consequences*, having been published in 2003. The two collections are closely related by content. Many papers printed in the first collection represented the initial stage of research into the topics of the current book which therefore clearly demonstrates how people have learned to work together for attaining higher quality. A significant difference between the two collections is the fact that instead of one, the contributors to the second collection come from four countries, as a result of which, we believe, the present volume boasts a considerably wider scope of ideas than its predecessor.

In the course of preparation, the abstracts and articles were examined several times by the other contributors and *outside*

reviewers. We are particularly grateful to Professor Milvi Tepp of Tallinn Technical University and Professor Harry Roots of Tallinn University for their critical and creative evaluation of our papers. It is impossible to overestimate the role of Eda Tammelo, the language editor, who took care of our English, ironing out inconsistencies, improving and polishing it, and Merike Kaseorg, who unified the layout of the book.

We acknowledge the help of the organizations that supported the publishing of this book financially. Firstly, we are indebted to the Estonian Science Foundation for their grant (No 5527). Secondly, credit must be given to the staff of the Faculty of Economics and Business Administration, University of Tartu, for facilitating our work in many ways and lending a hand whenever necessary. Throughout the preparatory stage we enjoyed support and encouragement from our colleagues, families and friends. Very special thanks to you all!

Hopefully, this book will contribute to the understanding of organizational culture issues and will trigger further discussions. In view of this, we would appreciate comments and suggestions from readers. Please address them to the Department of Management, University of Tartu, 4 Narva Road, Tartu 51009, Estonia; email: Maaja.Vadi@ut.ee. We trust that our readers will initiate fruitful discussions, and look forward to further partnership and cooperation.

On behalf of the contributors,

Maaja Vadi

The Editor
Professor & Chair of the Department of Management
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INTRODUCTION

Maaja Vadi

The grounds and bounds of the organizational culture concept

Economic life is often hindered by problems that can be successfully solved by tapping into culture concepts. Herein, culture unites peoples' behavior, but it may also create barriers between different groups and thus economy has to face the consequences of culture for various reasons nowadays. Donnan and Wilson think that the borders of cultures and identities are the least studied and understood phenomena of international borders (1999, p. 5) and admit that borders are always metaphors since they are arbitrary constructions based on cultural convention (1999, p. 40). Culture theory is based on the idea that something distinguishes a particular culture from outsiders or other cultures (Barnes, 2001). Thus, culture enables people to compare the similarities and differences of organizations and consequently, to analyze organizational life which plays an important role in economy.

Both states and organizations should often assimilate people who have divergent and often even conflicting perceptions of the world from what is generally thought in the local culture. For example, immigrants with an Islamic background accepted the American-style organizational culture, but in their everyday relations they preferred to retain the traditions of their national culture (Alkhazraji, Gardner, 1997). This latter case illustrates that organizational life and personal life could be conducted by different rules at the same time. It is easy to imagine that the organizational members' behavior patterns and cooperation may depend on the abovementioned twofold impacts, whereas the national diversity is growing elsewhere. Germany alone is facing the challenge of having to acclimatize more than six million people with a collectivistic background to the rather individualistic society (i.e. organizational practices). In this view, the cooperation of individuals, groups, and organizations is a vital issue for social entities but it depends on their cultural background.

As long as nearly 40 years ago Katz and Kahn (1966, p. 66) claimed in their seminal study that "just as a society has a cultural heritage, so social organizations possess distinctive patterns of collective feeling and beliefs along to new group members." Grieves (2000) argues that organizational culture has relatively recently focused on managers in organizations. Yet, special attention has been paid to the cultural perspective in the organizational studies since the 1980s, when the beginning of decade brought notable publications in the field (i.e. Ouchi, 1981; Peters, Waterman, 1982; Deal, Kennedy, 1982). One of the reasons for this derives from the developments in the wider context of society, because the organizational culture concept enabled tackling various topical problems of those days. When Schultz (1992) presented the postmodern pictures of a culture, she illustrated this notion by saying that culture had been reflecting the movements of the spirit of the times (i.e. excellence, efficiency, service, quality, the importance of human resources, communication, flexibility, internationalization, etc). This is a topical issue for understanding the developments in the use of the concept as well the role that it has in research and consultancy where it has served as an important framework for analyzing intangible issues. Organizational culture has been an integral part of thinking about organizations since the mid-1980s.

In regard to organizational culture it could be also mentioned that it was probably skilful marketing that created the mushrooming effect which led to the popularity of the concept. Alvesson (1995, p. 5) has explained it as follows: "The increasing interest in organizational culture is to some extent a consequence of the way in which the idea is marketed. Consultants, described by Czarniawska-Joerges (1988) as 'merchants of meaning', are especially important here – the management consultancy company McKinsey, for example, sponsored the best-selling book of Peters and Waterman (1982) and Deal and Kennedy (1982), apparently in order to improve its market position against competitors such as the Boston Consulting Group. In summary, the recent interest in organizational culture can be understood variously as a response to frustration over the dominance of positivistic approaches in American organization theory, a strategy confronting the marketing problems of management consultants, and a by-product of technological, social, and organizational change." Again, the organizational culture concept is a child of the era and its trends. The abovementioned expression exposes the role of marketing in the development of organizational culture concept but Grieves (2000) warns against thinking that the study of organizational culture emerged as a result of popular writings. The renaissance of the culture concept resembled the tendencies in the wider social context, where modern society was opposed to the postmodern.

The culture concept is multifaceted by nature and characterized by a significant number of definitions which reflect various approaches to the phenomenon (for instance, Allaire, Firsirotu, 1984). The common aspect of culture theories is that culture belongs to a group of people. It is necessary to add how culture happens and the explanation by Grieves (2000) put the word-communication into the process. He argued that humans communicate with symbols in four basic ways: the first is spoken language, second written language, followed by the body language and communication through artifacts. In summary, culture is the product of semiotic communication and it is endemic in all organizations. Culture provides a people-centered view of the organization and offers to explain the intangible side of organizations. A caring, effective manager uses the culture tool as an opportunity for the growth of all the facets of his/her organization, while avoidance of the phenomenon of organizational culture may lead to unexpected problems with quality, customer orientation, loyalty, and other troubles.

Organizational culture scholars fundamentally disagree about what culture is (Alvesson, 2002). The complex nature of culture leads to multidimensional approaches (see for a review Detert *et al.* 2000; van der Post *et al.*, 1997; Lau, Ngo, 1996). Cooper (2000) differentiates between three kinds of definitions of organizational culture. First, definitions appear to reside in their focus on the way people think. Second, definitions may focus on the way how people behave. Finally, some focus on both the way people think and behave. Different insights on organizational culture show how broad the topic is and how many approaches can be found within the field. The culture concept opens the issues that became the focus due the developments in the social and economic world. The expression by Coffee and Jones (2001, p. 4) put together the shift of perspectives in the analysis of the organizational matters: "As the vertical and lateral contours of organizations altered, so the language of organizational analysis changed. Culture – or sometimes community – became the preferred metaphors and organizational relationships were increasingly mapped through "networks" or "clusters" rather than "hierarchies".

To name an explicit definition, the specification by Furnham and Gunter (1993) could be mentioned. It says that organizational culture is based on the visionary ideas and appears to reflect shared behaviors, beliefs, attitudes and values regarding organizational goals, functions and procedures which are seen to characterize particular organizations. Schein (1992, p. 12) offers some reference marks which open the nature of culture in the organizational context. He says that culture is developed from a group's experience and the group sees it as valid, being a pattern how the group copes with the outside world, how the members should perceive problems, and how to teach new members. The latter definition focuses on the common experience, while Martin (1998) puts emphasis on the interpretation when presenting the idea that culture constitutes underlying patterns and configurations of interpretations from the perspective of different interests and ways these are enacted. This aspect is also stressed by Schultz who argues it in various respects; for instance: the culture approach is based on the assumption that it directs organizational members either by being general guidelines or in the shape of interpretations of events (Schultz, 1992, p. 20). All the abovementioned views encourage us to apply the organizational culture term when there is a need to analyze how organizational members think about and try to understand the reality. This is certainly important in the turbulent organizational environment, because the bureaucratic control is an inefficient tool for managing organizations. Management of organizational culture is especially topical in post-industrial societies where individuals who are more self-conscious and oriented towards self-realization might reject/avoid mechanistic work.

From the methodological point of research, the abundance of approaches to organizational culture should be mentioned (i.e. Lundberg, 2001; Schultz, 1995). Martin (1992) differentiates between three perspectives in the organizational culture approaches. First, the *integration* perspective assumes that "strong" culture is characterized by consistency, while it promises harmony, value homogeneity, and wide consensus. This is the most popular perspective, being at the same time least supported empirically. Second, the *differentiation* perspective which sees that organizational members have different interests, task responsibilities, backgrounds, experience, and expertise and therefore focuses on intergroup harmony and conflict, problems of boundaries, relationships with the environment, etc. Third, the *fragmentation* perspective defines the features of cultures in organizations and tries to find the distinctness in the culture, – quite a challenging task, because many interpretations and ambiguities in the organization (e.g., clarity, consistency, and consensus) could be ideal frameworks for understanding the phenomenon.

The culture concept has twofold importance for the organizational world. First, it can explain the tendencies in the organization's external environment as the surroundings are influenced by the culture. Here the national culture comes into play. Second, culture explains important issues within the organization. These two aspects create a dichotomy which emphasizes that culture has a role both *in* and *around* an organization. The "in" issues could be turned to the organizational culture approach, while the "around" role could be attributed to the national culture. National culture could explain some unquantifiable and intangible factors by which all societies are governed, but which are often regarded as "natural" or "normal". Culture is learned most intensively in the early years of life and has a continuing impact on every person's mind throughout his/her lifetime. Understanding of culture will help us predict the behavior of typical members of a culture under normal conditions. The influence of culture is widespread. As Geert Hofstede states it in his epoch-making book *Culture's Consequences*: "It includes the language in which we express ourselves; the deference we show to our elders, the physical distance from other people we maintain in order to feel comfortable, the way we perceive general human activities like eating, making human life, and the ceremonials" (1980).

This two-sided view – organizational culture and national culture – forms the framework for our book. There are many themes in regard to various connections between the concepts of organization and culture both in the narrow and broad meaning.

The structure of the book

The book aims to view organizational culture through the lens of both national and international aspects. Two angles of vision make it possible to bind together various themes around organizational culture. The topics of our book are divided into three groups, because the national aspect is divided into two. The distinction between national and international aspects is made from the perspective of Estonia. Indeed, while this approach may seem ethnocentric it allows us to stress the special role of the articles which focus on the contexts outside Estonia (see Figure 1).

Figure 1. The structure of the book mirrored by the articles' main keywords.

First, we present selected peculiarities of organizational culture. We consider under 'peculiarity' that organizational culture itself is a focal phenomenon and this part enables distinguishing between the qualities and characteristics of organizational culture. There are both specific and common aspects, while this twofold nature is also reflected in the articles involved. Second, there are manifestations of organizational culture in the following part which comprises themes about how organizational culture plays an important role in respect of some other organizational issue. In addition, the abovementioned parts have the common roof – the national perspective – and it means that the international perspective on organizational culture is excluded, as these matters are featured by the third part. International indicates here that the articles of this part deal with more than two nations or some non-Estonian perspective.

Metaphorically speaking, the book reminds us of a mosaic composed of a wide selection of pieces and organized into three domains or parts.

The first part: peculiarities

Four articles present some peculiarities of organizational culture in this book. The following short descriptions of the articles present the basic ideas discussed more thoroughly in the first part.

1. The article titled *Critical issues in the formation of organizational culture: a case study of Estonian companies in the energy sector* by Anne Reino, Elina Tolmats and Pille Mõtsmees is a case study that aims to bring out the critical issues in the organizational culture formation process of spin-off organizations. Two organizations operating in the energy sector are in the focus of the study. The organizations share ownership, general environment and day-to-day business contacts, but they have different ranges of business goals and specific environments. Although the authors expected the organizational culture of the organizations to be dif-

ferent, the study revealed a striking resemblance between them. An analysis revealed the most relevant factors influencing the formation of spin-off companies' organizational culture. These are the origin of the organization in terms of continuity and traditions, the time lag, and organizational members. The authors also conclude that not all the factors known from the theory have equal importance in the organizational culture formation process; the latter highly depends on each particular case.

2. Krista Jaakson names her paper *Exploring university core values with the critical incident techniques: an example of students' perceptions at the University of Tartu*. Her article is triggered by the changes that have taken place in Estonia since it joined the European Union and the fact that the principle of a single market has been applied also to education. It follows that together with the emergence of local private universities since the early 1990s the environment of Estonian higher education has changed dramatically. The universities that only recently had enjoyed an oligopoly are now looking for ways to cope with increased competition and retain their position. Therefore, the question about what makes a university attractive to potential students is highly topical in Estonia. It is argued in this paper that a university could enhance differentiation – not in terms of what is offered to society, but how it is offered, because in the fields where price-competition fails (or is highly regulated), more emphasis is laid on strong corporate culture and identity. Key ingredients for the latter are organizational values. The aim of the study is to uncover the core values of one public university in Estonia – the University of Tartu – as perceived by its students and discuss the lessons and opportunities that this knowledge may provide to the organization. The critical incident technique is used to accomplish the aim and the promises and setbacks of the method are examined. As a result, the following core values for the University of Tartu emerged: *the quality of education*, *traditions and continuity*, and *the academic community*. The differences in perceptions between

male versus female students, state-financed versus fees-paying students and the impact of the study time are also discussed.

3. Gerli Hämmal and Maaja Vadi present the article *Organizational culture through the connections between metaphors and orientations*. The organizational culture phenomenon is complicated in the perspective of measurement, it is necessary to find possibilities to characterize it. One way to capture organizational culture is to combine different approaches. On the one hand, culture can be viewed through task orientation and relations orientation where organizational culture is converted into a variable; and on the other hand, it can be viewed through metaphors. In this light, 134 employees from schools for children with special needs were included in the survey. Significant connections to both orientations of organizational culture came out in the case of the machine vs. living being metaphor. The educational level and the machine vs. living being metaphor differentiated the strength of task and relationship orientations of culture. People with a higher education preferred living being as the metaphor for their organization and considered task orientation of organizational culture more important than did those respondents who preferred the machine metaphor and had high school education.

The second part: manifestations

Four articles address the theme of manifestations of organizational culture. The common characteristic for the articles is that they all reflect a means for organizational culture manifestation besides the phenomenon itself.

1. The article *Interconnections of emotional intelligence and organizational culture: based on the example of two business sectors in Estonia* by Elina Tolmats and Anne Reino. They argue that in the modern management literature the topic of emotional intelligence (further on *emotional intelligence*) is increasingly emphasized, but the relationships between this concept and other

management topics have not been sufficiently empirically investigated. Since organizational culture is considered to be an emotional phenomenon, the issue of the importance of emotional intelligence in the organizational context emerges. The aim of the current article is to find the interconnections between emotional intelligence competences and types of organizational culture in two business sectors in Estonia. Emotional intelligence is measured by the Emotional Intelligence Test in Organization, and organizational culture is investigated by the Competing Values Questionnaire developed on the basis of the Competing Values Framework launched by Quinn and Rohrbaugh (1983). The results of the study show that employees with a low emotional intelligence level gave lower estimates to organizational culture and those with high emotional intelligence gave higher estimates to organizational culture. Furthermore, such emotional intelligence competences as identification and managing of own emotions and empathy are positively related to the organizational culture types that emphasize the complexity of manifestation of individual features in organizational context.

2. Anne Aidla and Maaja Vadi present the article *Relationships between organizational culture and performance in Estonian schools with regard to their size and location*. They point out that previous research has shown that organizational culture has a considerable influence on employees' behavior and work results. The aim of the article is to explore the relationships between the organizational culture estimations and actual school performance vis-à-vis the size and location of Estonian secondary schools. The empirical study (n = 398) was conducted in the year 2003 among the personnel of Estonian secondary schools. The sample included representatives of school administration, teachers and support personnel. The organizational culture estimations were measured by the organizational culture questionnaire (Vadi, Allik, Realo, 2002) which reveals task and relationship orientations of organizational culture. For measuring performance, the national examination results were used. The results show that managing and improving of

the organizational culture could contribute to the performance of schools.

3. *Interrelationships of organizational culture with organizational characteristics*: *the grounds for typology* is the title of the article by Maaja Vadi and Ruth Alas. They follow the idea that organizations serve different functions and are collective creations involving a variety of people. In this light it could be asked: What kind of impact do the organization's characteristics have on its functioning? The differences between organizations could be viewed from a cultural perspective, allowing us to compare organizations in a meaningful way. Organizational culture is characterized by task and relationship orientations (Vadi *et al*., 2002) which may accordingly serve as a framework for drawing comparisons between organizations and their cultures.

In order to elaborate on the characteristic features differentiating organizational cultures, an empirical investigation was conducted on a sample of more than 2000 employees of 58 organizations in Estonia. Two aspects of organizational characteristics were focused on – size and industry. The regularities in the differences enable the authors to propose the types of organizational culture. The results are discussed from the perspective of managing organizational culture.

4. Gerda Mihhailova and Kulno Türk's article *Charismatic aspect of transformational leadership and its role in creating organizational culture* explores the essence of charismatic leadership and its links with organizational culture. In current business practices; charismatic leadership is losing momentum, however, it has an important role in introducing changes into an organization. Charismatic leadership is most effective when introducing change to organizational culture in the stages of maturity and decline and is also important during the foundation stage of a company when its organizational culture is first established. The aim of the article is to examine the links between charismatic leadership and

organizational culture. The approach to organizational culture is mainly based on the theory by E. Schein.

5. Natalia Karotom examines organizational culture and individual work strategies in her article *Organizational culture and individual strategies*. Environmental changes, and above all, strong competition on the market and moving towards task-orientated work, as well as the changed work paradigm and individualization have affected the performance of organizations and the behavior of employees. A growing number of employees are considering their organization to be a place for the realization of their own individual goals. We know quite a lot about organizational culture and its role in shaping the behavior of employees, but do organizational cultures keep pace with the changing environment and growing individualization? Task-oriented organizational cultures enhance changes in organizational structures and favor the spread of horizontal relations, but this, in turn, ensures not only solidarity, but also individualization. Changed work values and attitudes towards their jobs have transformed employees' behavior. Today the interaction between employees and the employing organization depends not only on the organization in which they are working, but also on the behavior of their competitors operating on the labor market, and the individual work strategies of employees. The data of quantitative and qualitative research show that organizational cultures have mechanisms to appeal for organizational commitment and loyalty, but their effective use depends on the art to match them with the expectations of employees. From that point of view, this is a challenge for organizational cultures, especially considering that the history of the majority of Estonian organizations is fairly short.

The third part: international aspects

This part contains articles studying more than one nation and the issues of organizational culture pertaining to the relations between nations. As mentioned above, we look at this theme through the Estonian perspective. Four articles introduce various topics on the international aspects of organizational culture.

1. The article *The relationship between organizational culture and individual values: a comparative study of Estonia and Finland* by Jatta Kankaanranta-Jännäri opens the third part of the book. She argues that despite the fact that cooperation between Estonia and Finland is constantly increasing, there are relatively few studies comparing these neighboring cultures in the area of management studies. Therefore the aim of her study is to find out and compare the relationships between organizational culture and individual values in Finland and Estonia. Individual values were studied with modified Rokeach's Value Survey. The methodology of M. Vadi was adapted and applied to explore the dimensions of organizational culture. The sample involved 177 members of Finnish and 111 members of Estonian organizations. The findings of the study showed that the individual values of Finnish and Estonian respondents were significantly similar (e.g., *respect to family* and *security*), but the individual values' relationship to organizational culture differed. The results of the study are discussed, and managerial implications are also presented.

2. Janita Andrijevskaja and Maaja Vadi in their article *Measuring organizational culture in Germany* explore the modern culture of German organizations. On the one hand, since World War II, the Federal Republic of Germany has enjoyed a long period of economic prosperity; but on the other, the country was divided into two separate parts until the beginning of the last decade. These issues create an interesting context for studies because organizational culture is related to the organizational environment. The article aims to examine organizational culture in Germany from the perspective of two organizational culture orientations. Special attention is paid to the adoption of the organizational culture measurement tool, which is based on a questionnaire having already reliable scales in Estonian, Russian, and Finnish.

Differences in organizational culture are presented in the framework of various characteristics (i.e. the respondents' age, position, gender, industry of an organization). Finally, these results are discussed vis-à-vis earlier cultural studies in Germany; and the conclusions are presented about possible applications of the organizational culture measurement method.

3. Ilona Baumane and Ērika Šumilo's article *Concepts of cross-cultural orientation: a comparison of Latvian and German business cultures* aims to reveal the general features of Latvian business culture, compare them with German business culture and work out practical recommendations and guidelines for German businessmen, who until now have been dealing in an unknown environment. The article investigates Latvian business culture by means of a complex qualitative analysis derived from the methodology devised by F. Trompenaars. The main framework of the study was adapted from Trompenaars' two main dimensions of organizational culture – Power priority versus Role dominance and Task orientation versus Person orientation. Following these dimensions a number of interviews with Latvian managers from various private enterprises were held. As a result the study provides findings that can be generalized and transferred to future quantitative analyses aiming to conduct more specific research into Latvian business culture. Besides some significant differences in both dimensions of organizational culture, this research reveals several similarities between Latvian and German business cultures.

4. The third part and the whole book conclude with the article *"What does 'integrity' actually mean?": Handling ambiguity in MNCs' global core value initiatives* by Susanne Blazejewski, Wolfgang Dorow and Roksana Sopinka-Bujak. They argue that the issue of shared or integrated organizational culture in geographically distributed organizations such as multinational corporations has since the 1980s been addressed by two different – and still largely unconnected – streams of research. Alongside

Bartlett and Ghoshal's 1989 classic on "The transnational solution", the international business literature often sees the creation of a shared, transnational MNC culture as a viable option to supplement more formal MNC coordination and control mechanisms, such as standardized regulations, processes, and reporting systems. This dominant functionalistic approach to organizational culture, however, stands in sharp contrast to much of the organizational studies or intercultural management literature which strongly questions not only the chances to actually create a mutual organizational culture across national divides but also casts doubt onto the value of such a homogenizing approach to culture in view of the innovatory potential of cultural diversity in MNCs.

In practice, the MNC is stuck right in the middle of these conflicting perspectives: despite the manifold evidence regarding acculturation barriers from the organizational studies research, MNCs in fact increasingly commit substantial resources to the creation of e.g. mutual MNC-wide value catalogues. By using three empirical cases, the article demonstrates that large European-based MNCs indeed follow different pathways in trying to develop some cultural coherence across their heterogeneous subunits and thus encounter different obstacles and resistances among their different local constituents. The study is mainly based on 80 in-depth interviews conducted in the MNCs headquarters in Central Europe as well as in their Japanese and US subsidiaries.

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The present book seeks to document, analyze, and interpret problems connected with organizational culture in regard to a wide variety of themes. It is important for Estonian organizations to understand what constitutes organizational culture at both national and international levels. We believe that not only for Estonian organizations but in a broader context, too, the understanding of different perspectives is vitally important nowadays. Thus, the pieces of the mosaic can be put into a kaleidoscope and a dynamic perspective will emerge. Schultz (1992) has repeatedly referred to the kaleidoscope metaphor in her explanation of postmodern pictures of culture. This book offers to the reader building pieces for a kaleidoscope.

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I PART. PECULIARITIES

1.1. CRITICAL ISSUES IN ORGANIZATIONAL CULTURE FORMATION: A CASE STUDY OF ESTONIAN COMPANIES IN THE ENERGY SECTOR

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Pille Mõtsmees, Sinekuur LLC

Introduction

Balancing between the interests of a wide variety of stakeholders, organizations face several multidimensional tasks they have to cope with. One of the topical assignments in modern management is managing the organizational culture (further on OC), which is a rather complicated task. Companies face the challenge of creating, developing or maintaining OCs, which can contribute to achieving the goals of the company in a most efficient manner. A large amount of management and organizational behavior literature has been dedicated to the issue of OC in the merger process, but there are processes taking place the other way round as well. The question "What happens to OC when organizations spin off from each other and a new company is floated?" is interesting at least to the same degree. The discussion about whether the formation of OC is a case of *carte blanche* or if there are any constraints to be considered while creating the appropriate culture for the company is relevant when a spin-off company is in the focus of interest.

The aim of the present article is to bring out the critical issues in the OC formation process of a spin-off company. The article is designed as a case study focusing on the companies operating in the Estonian energy sector. Narva Elektriteenused (Narva Electrical Services Ltd, further on NET), an electrical engineering company, is in the focus of the study. NET is a spin-off enterprise from the distributor and seller of electricity, Narva Elektrivõrk (Narva Distribution Network Ltd, further on NEV) that is highlighted in the analysis for the sake of comparison.

The article starts with a theoretical overview of the essence of OC and its sources of formation. The empirical part gives an overview of the OC in NET as compared to the OC in NEV. The OC is studied by means of a questionnaire, interviews and document analysis. The crucial factors behind the formation of OC in NET will be analyzed in the discussion part of the article.

Organizational culture

Organizational culture is a phenomenon defined and investigated in various ways by different researchers. For example, Schein (2004, pp. 14–15) summarizes the critical elements of OC, which are *stability* (culture is shared and stable because it defines the group), *depth* in a sense that culture involves unconscious parts of organizational life; *breadth* as it covers all of an organization's functioning and *patterning*, because OC ties together the various elements. Hostede *et al.* (1990) bring out the intersection of different authors' opinion about the essence of OC, namely, that OC is a "soft" part of an organization; it is a holistic; historically determined and socially constructed, and therefore not easily changing concept. OC can be defined as "social or normative glue that holds an organization together" (Wiener, 1988, p. 535).

In its essence OC is a multilevel phenomenon with values in its core. Values are "the beliefs held by an individual or group regarding the means and ends that organizations "ought to" or "should" identify in the running of the enterprise, in choosing what business actions or objectives are preferable to alternate actions, or in establishing organizational objectives". (Enz, 1988, p. 287)

Similarly to the discussion about the essence of OC, there is no univocal position about how culture is formed. Different authors have discussed the mechanisms how shared values and OC are created. There are several approaches, which stress the importance of different factors in the OC formation process.

One important influencing factor is the environment in which the organization operates. Hofstede *et al.* (1990), Koopman *et al.* (1999) and van Muijen *et al.* (1999) have found in their research that organizational values are strongly influenced by the national culture within which a particular organization is physically situated. Besides the general environment, specific environments (industry and stakeholders) are at play in the formation of OC. O'Reilly, Chatman and Caldwell (1991) stress that organizations' cultures are similar when the organizations belong to relatively homogeneous industries and when their structures, regulatory demands and orientations are similar. Padaki (2000), Chatman and Jehn (1994) have also accentuated the importance of the business sector in the OC formation process. For example, Gordon (1991) claims that organizations are founded on industry-based assumptions about the stakeholders' interests (customers, competitors and society as a whole). Those assumptions give origins to the organizational values, which then redound to the strategies, structures and processes that are developed in the organization. Ostroff and Schmitt (1993) have found that among the other aspects ownership of the organization also has an impact on OC.

The history or origin of an organization in the sense of its continuity and traditions may leave traces on its OC as well. Usually organizations with a long history have rooted cultures and the organizational members perceive their organization in a more homogeneous manner. (Wiener, 1988; Kekäle, Kekäle, 1995)

The viewpoint that OC is a rather stable and immutable aspect of organizational life is rather common among the researchers. Different authors suggest that changes in OC are possible but transformation takes time (e.g. Schein, 2004; 1996; Gagliardi, 1986; Amis, Slack, Hinings, 2002).

OC and values are nothing one can separate from the individuals connected to the organization. Some authors view powerful members of an organization – founders and leaders – as the main source of OC, because their personal values, their vision of the organization as a whole, and their way of acting shape the culture of the organization (e.g. Schein, 2004; Padaki, 2000; Wiener, 1988; Jaakson, Reino, Vadi, 2004). In fact, management ideology powerfully impregnates OC patterns (Alvesson, 2002).

While the role of leaders is definitely significant, the contribution of organizational members should not be underestimated in the process of culture formation. Wiener (1988) emphasizes the role of workers as carriers of organizational values (those are traditional values in his formulation). Padaki (2000) and Schein (2004) bring out the role of workers in the OC formation process. On the one hand, Schein (2004) emphasizes the learning experience of workers (ability to mature with their organization, and continuity of values), and on the other hand, the important role of new members with different values, which may have an impact on OC.

Next we will dwell on the sources that are believed to be most relevant to the case under investigation – the specific environment, the history of the company, and organizational members.

The case of Narva Elektriteenused

The environment and background of the organization

The present study focuses on the OC of the spin-off company NET, but for better understanding of the case, it will be necessary to describe the background and environment of the organization. As NET is tightly connected to NEV, a brief overview of the environments and histories of both companies will follow.

NET and NEV operate in the north-east of Estonia, in Ida-Virumaa (East-Virumaa) County, which is one of the most important industrial areas in Estonia, giving 16% of the country's total industrial production (Regional Statistics of Estonia, 2003). Both heavy and light industries are well developed in the region. Ida-Virumaa differs from the rest of the country by its high percentage of non-Estonian population (further on Russian-speakers will be used). 80% of the inhabitants of Ida-Virumaa County being Russian-speakers (Ida Virumaa Portaal, 2005); in Narva the percentage of Russian-speakers is even higher – 95% (Rahvastik elukoha ja …, 2000). The Russian-speakers living in Ida-Virumaa, especially in Narva and Sillamäe, form a large community on linguistic grounds, which lessens the necessity for them to use the official language, Estonian. Insufficient knowledge of the Estonian language might restrict the mobility of workforce in Estonia; as a result, people living and working in Ida-Virumaa County have stayed there for years and even for generations. Besides the cultural and industrial disparities, North-Eastern Estonia has some other aspects that set the region apart from the rest of Estonia. In 2004, the unemployment rate of Ida-Virumaa was the highest in Estonia – 9.4% compared to the Estonian average – 4.4% (Estonian Labour Market Board, 2005). In the press Ida-Virumaa is often referred to as a problematic district because of some other social issues (e.g., HIV, drug addiction).

The general environment is important for every organization as it has an implicit impact on business. Even more important is the specific environment counting for organizational performance in a most direct way. NEV and NET operate in the electric energy sector, which is highly regulated. So there are direct regulations for NEV as a distributor and seller of electricity. These regulations have an impact on NET as a company related to NEV.

The Electricity Market Act (from July, 2003) prescribes the principles for the operation of the electricity market. In the present case the Act regulates the performance of NEV. The Electricity Market Act (2003) regulates the generation, transmission, sale, export, import and transit of electricity and the economic and technical management of the power system, but it does not regulate electrical engineering. Before the Act was passed, NEV operated as a distribution, selling and engineering company. The performance of NEV is also regulated by the Estonian Energy Market Inspectorate (EEMI). The inspectorate has the right to monitor the activity of fuel and energy traders in respect of the areas of activity specified in their activity licenses, and to review the financial performance of the fuel and energy traders dominating the market. The EEMI approves and reviews the prices of fuel and energy sold by these traders (EEMI, 2005). Thus, several changes have taken place in the energy sector in Estonia. Further reforms are expected in the sector, as by the year 2007 the Estonian electricity market will be partly and by the year 2013 completely open for competition. (Euroopa Liidu Infokeskus, 2005) The monopolistic sector will turn into an open market, which will bring new challenges for all attendants.

Legislation has an impact on an organization's performance in a remarkable manner. Actually, the initial inducement to form NET followed from the legislation (Electricity Market Act in first place) and from the future trends in the energy sector. The functions of the enterprise were separated and in May 2004 NET was founded on the basis of NEV departments. The main task of NET is to provide complex high-quality electrical services, considering the needs of their customers, owners and personnel of the company. (Narva Elektrivõrk, 2005) Unlike the distribution company NEV, the performance of the engineering company NET is not regulated in detail by the government. The most important legal act regulating its performance is the Electrical Safety Act (Electrical Safety Act, 2002).

NET was formally founded more than a year ago, but it actually has its origins in its past affiliation to NEV. The history of NEV goes back to the 1950s when the Narva Electricity Distribution Network was established within the competence of Eesti Kommunaalenergia. Subsequently the company has been restructured several times. In 1993, the Narva Electricity Distribution Network (NEV) was instituted as an independent company within Eesti Energia (Estonian Energy), which started a "new epoch" in the company's history. In 1997, NEV started operating separately from Eesti Energia and was privatized in 1998–1999. (Homepage of NEV, 2005)

NEV has a good reputation, being known by its stability and success in different areas (NEV Customer Satisfaction..., 2001, 2002). The company has held high positions in various rankings. In 2004, NEV ranked 10th among Europe's Best Employers and 3rd among the Estonian companies (The Wall Street Journal Europe, 2004). In 2005, NEV acquired the 3rd place among Estonian enterprises in the family-friendliness category, 5th place in worker-friendliness and 8th place in the category of employees' development (Väljaste, 2005).

Today NET is related to NEV, both companies having the same ownership, the Austrian investment company ECE European City Estates AG and Sthenos Group Ltd. The companies are also related through contractual links that fix the scope of the services NET renders to NEV. Both companies are medium-sized (60 and 62 employees in NET and NEV, respectively). The great majority of the employees in NET and NEV belong to the Russian-speaking minority of the country, while the top managers of both companies are Estonians without local roots.

The culturally diverse backgrounds of organizational members may have an impact on OC as different ethnic groups bring different values with them into the working place. Successful management of diversity brings economic benefits and presents major opportunities for companies to be more synergetic and effective (Mead, 1994).

As referred before, the two companies share a common history, the same ownership, similar general environment and several intersections in day-to-day business, but they have a different range of business goals and distinct specific environments. NET operates in a competitive market and in a less regulated environment than NEV. From that basis also differences in their OCs may be expected to derive.

Method and sample

Research of the OCs in NET and NEV took place in January-April 2005. In order to diagnose the features of the OCs of the enterprises, a qualitative analysis was conducted. The Competing Values Questionnaire developed by A. Reino was applied to study OC on the basis of organizational values. The method is based on The Competing Values Framework introduced by Quinn and Rohrbaugh (1983). In it organizations are placed into the framework formed by two dimensions – flexibility vs. stability and internal vs. external focus. Four types of OC can be distinguished: the Human Relations, the Open System, the Rational Goal and the Internal Processes Model. (Quinn, Rohrbaugh, 1983)

The Human Relations type of OC is characterized by flexibility and internal focus. Human resource development is achieved through high cohesion and morale, trust and belongingness. (Quinn, Rohrbaugh, 1983; Kalliath, Bluedorn, Gillespie, 1999)

The Open System type of OC values adaptability, change capacity and orientation to customers (Brown, Dodd, 1998). Organizations where this kind of OC is dominating take risks and favor creativity (van Muijen, Koopman, 1994), having as the target to achieve growth, resource acquisition and external support (Quinn, Rohrbaugh, 1983). The Rational Goal type of OC favors planning and goal-setting to achieve productivity and efficiency as ends (*Ibid.*). The last type – the Internal Processes type – aims to achieve stability and control (*Ibid.*), consolidation and continuity (Lamond, 2003) that could be attained by formalized communication and a centralized decision-making process (Howard, 1998). Usually the features of all the OC types described above are peculiar to an organization, butorganizations vary along the dominating type of OC and balance between the other types.

The above questionnaire consists of 53 statements about the organization; the respondents were asked to indicate their attitude to the items on a 10-point scale where 1 means 'completely disagree' and 10 means 'completely agree' with the assertion. The assertions were first prepared in Estonian and then translated by three bilingual translators into Russian, as the majority of the respondents were Russian speakers. The translators worked independently of each other.

Descriptive statistics, one-way ANOVA analysis and t-test were used for data analysis. The differences in the mean values are important at the significance level $p \leq 0.05$. In addition, unstructured interviews with the CEO of NET were conducted. Focus group interviews with the middle managers and workers of NET were used to discuss and reflect on the results of the study. Also, observation and document analysis were used. Sample characteristics are displayed in Table 1.

Table 1. Sample characteristics

Org.	Average age	Sex			Tenure	Position			
		M	F	NA		MM	S	W	NA
NET N = 45	45.6	30	13	2	8 months*	5	12	25	3
NEV N = 47	44.0	24	21	2	15.6 years	10**	22	9	6

Notes: M – male; F – female; NA – not answered; MM – middle manager; S – specialist; W – worker

* The average working tenure of employees of NET in NEV is 17 years

** In the sample of NEV "MM" includes 2 top managers as well

The sample was representative as 75% of the organizational members of NET and 75.8% of the employees of NEV participated in the study. All hierarchical levels of the organizations were engaged, with the exception of the NET CEO who did not fill out the questionnaire but answered the interview questions.

Results

For mapping the OC of NET, the employees were asked to fill out the Competing Values Questionnaire. The results of the analysis show that the predominant type of OC in NET is the Rational Goal type with results orientation as a central value (see results in Table 2).

Table 2. Mean values of OC types in NET

Type of OC	Sample	Mean values for OC types*	Standard Deviation
Human Relations type	32	6.98	1.59
Open Systems type	31	7.12	1.51
Rational Goal Type	33	7.76	0.96
Internal Processes type	33	7.30	1.07

Notes: * OC estimations are given in a scale from 1 (the lowest rate) to 10 (the highest rate)

The results of the paired samples t-test analysis show that the estimations to the Rational Goal type of OC were significantly higher than those given to the other types. The mean values given to the Internal Processes type of OC were lower than those of the Rational Goal type, but still higher than the estimations to the Human Relations type of OC. The details are presented in Table 3.

Table 3. Statistically significant differences in the estimations to the OC types

Pairs of OC types	t	p
Rational Goal type – Human Relations type	–4.166	.000
Rational Goal type – Open Systems type	–4.091	.000
Rational Goal type – Internal Processes type	2.687	.012
Human Relations type – Internal Processes type	–2.381	.025

Figure 1 gives a picture of the Competing Values Model of NET. The picture shows the dominance of the Rational Goal type of OC, while all the other types almost balance out.

The organizational members of NET perceive the culture and organizational values in the same manner. Indeed, there were some differences between the subunits of the organization (differences may be caused by the different work contents of those units), but the other variables (age, sex, position and tenure) did not affect the opinions about the OC.

A similar survey was carried out in NEV in order to compare the cultures of the two companies. An analysis of data shows almost complete resemblance between the OCs of the two companies. The Rational Goal type of OC with efficiency and productivity as its central values dominates in both organizations. No significant differences were revealed between the estimations of the OC types in the two organizations. Figure 2 presents the opinions about the OC types in NET and NEV.

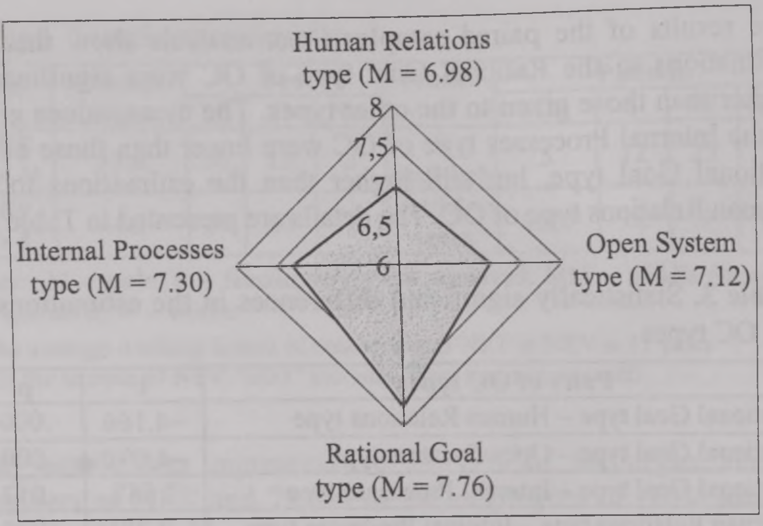

Figure 1. The Competing Values Model in Narva Elektriteenused Ltd.

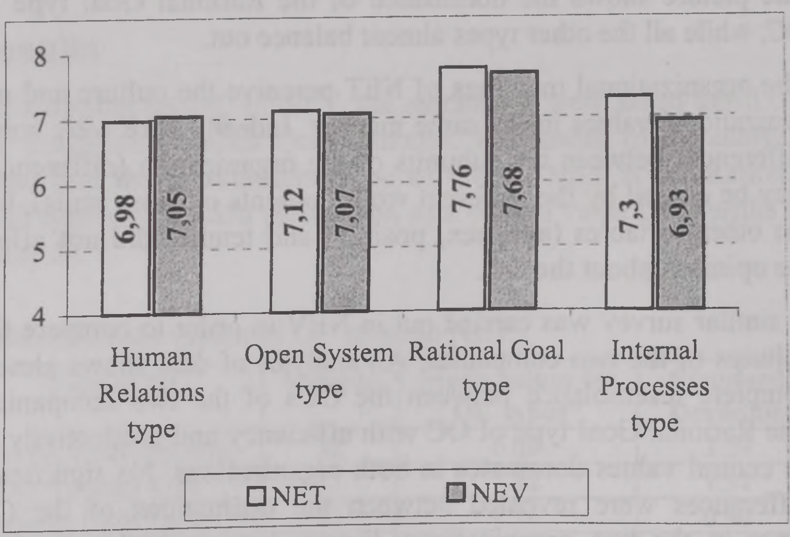

Figure 2. The OC types in NET and NEV.

The questionnaire consists of 53 statements, each representing certain values. Estimations of each item enabled us to detect how distinctive a particular value is for the organizational members. Those values that got higher scores and lower variance in estimations by respondents are believed to be more characteristic of the organization than those, which got lower scores. Such analysis enabled us to reveal the value pattern of the organization.

A comparison of NET and NEV on the basis of shared values also points to the similarity of those organizations. Table 4 reflects the values hierarchy of the two companies. Both companies have the same values at the top of the values hierarchy, the differences between the values patterns being only marginal.

Table 4. The values patterns of NET and NEV

	NET	NEV
1.	profit maximization	perfect image
2.	security	profit maximization
3.	development and growth	security
4.	outpacing competitors	development and growth
5.	perfect image	outpacing competitors

The similarity of the two organizations was evidenced by the research. The members of NET and NEV perceive their organizations as very results-oriented; no large differences in OC estimations were revealed. The employees of both organizations perceive their organization in a similar manner, which speaks of rooted culture.

Discussion and conclusions

The results from the OC study of NET are in accordance with the statements of Märt Viileberg, the CEO of NET, about the priorities for the company, which are profit maximization and expanding the market share (Viileberg, 2005). When NET was founded, new horizons opened up for the company in terms of entering a competitive market. From the beginning, the CEO of NET emphasized the new targets and strategy – being more profit-oriented was believed to be the distinguishing feature of NEV. NET was basically founded for profit maximization; the organization has coped with challenging orders and the leaders of NET are results-oriented and business-minded. Therefore a different culture and different attitudes of the employees were expected. The statements of the CEO of NET supported our expectations about OC. In an interview Märt Viileberg accentuated that NET should be different from NEV on the basis of OC (Viileberg, 2005). However, from the analysis it appeared that the organizations actually do not differ on the basis of their cultures.

The outcomes of the study provoke debate about the reasons behind the results. Our discussion will concentrate mainly on the crucial factors that influence the creation of OC in a spin-off company.

In the theoretical part of the article possible factors influencing the OC formation process were discussed. In the light of the conducted study we would like to point out some crucial issues of the OC formation process relevant to the case under discussion, first and foremost, the role of organizational members and time span. The roles played by the environment and owners will be briefly dwelt on as well.

The study proved the fact that OC is a matter of perception that always involves some subjectivity. It also verified the critical role of organizational members in the OC formation process – shared values among the workers are one of the important components of OC. While the CEO and middle managers of NET emphasized several times during the discussions that NET is different from NEV, having different objectives, strategies and also different organizational culture (in the sense of being more results-oriented, flexible and developing), the workers of the company were more of the opinion that no large changes had taken place. “We are still the same company”, was one of the statements by the workers (Middle managers …, 2005). In the discussion about the relationships between the two organizations emotionality played an important role. On the one hand, the employees of NET had a considerably long working experience in NEV and whole NEV departments started over in the new organization. More than half of the respondents had previous working experience and rather long tenure in NEV (average tenure in NEV was even longer than the same figure for the employees of NEV; see for details Table 1). Thus the employees of NET share a long affiliation to NEV and presumably feel emotional belongingness to the company. On the other hand, we have to consider the ethnicity of the employees. As stated before, most of the employees in NET and NEV are Russian-speakers. Research has proved that compared to Estonians, Russians perceive OC to be more relationships-oriented (Vadi, Allik, Realo, 2004). Personal contacts count very much for the employees. In a formal juridical sense there are two different companies, but on the workers' level it is still very much one and the only organization. For example, asking the employees of NET in the questionnaire about their most positive experience with NET, many employees reported some experience or event that took place in the period when there was still one company. That proves again that employees do not perceive that big changes have taken place. Starting over in a new organization is confusing for everyone indeed. It is hard to feel the real changes because there are still day-to-day contacts with the previous employer, no large changes have been made in visual artifacts, and the traditional events still take place with NEV.

The situation evolved could be referred to as an organization with multiple identities (Skålén, 2004). The case proves again the statement by Schein (2004, p. 63) that “individuals bring their past experience with them into the new organization” and as culture is a group-based phenomenon, it is stable in essence. Thus we cannot speak about the situation of *carte blanche* while considering the topic of OC formation in a spin-off company. There are people who bring their previous experiences and individual values with them and there are shareholders whose interests set limits on the formation of OC.

Although previous studies have demonstrated the role of general and specific environments in the OC shaping process, the present study verifies the relevance of environment. On the one hand, the organizations in the sample operate in a similar general environment, on the other, the specific environments of the organizations are different, but the present research could reveal no direct influence of the specific environment on the OC of NET. Next we will discuss the reasons why the study does not support the position about the environment's crucial role in the OC formation process.

We expected NET to be more results-oriented than NEV, as the legal environment favors profit taking for NET and restricts it for NEV; also because NET operates on a competitive market while NEV is on a monopolistic market. From the research we saw that both organizations have formed OCs, which are very much results-oriented, their main target being to be efficient and productive, and maximize profit. Searching for reasons, one has to remember that when NEV was privatized, there was no law restriction about profit maximization and for several years NEV operated as a business unit aiming to get profit and to attain efficiency. Therefore the predominance of the Rational Goal type of OC in the company might not be surprising. And as was argued before, OC is a stable and group-based phenomenon. Change in the specific environment (regulation change in our case) does not give immediate reactions in the sense of changes in OC, but one must consider a time lag. As the study of OC was conducted less than a year after the formation of NET, the conclusion may be drawn that it is an overly short time for attaining radical changes in the OC of any company, especially if there is rooted culture and if two organizations continue "under the same roof", having daily contacts.

NET can be expected to have even more results-oriented specific environment in the future and probably its owners' interests favor that. But this is still only one possible trend. If the management of the spin-off company NET perceives that the OC and values shared by the members are suitable for achieving the goals of the company, no big changes need to be made at all. Every change brings along some vagueness, which is conducive to maintaining the *status quo*. In the energy sector, stability is a value in itself, and no radical changes may therefore be anticipated.

Though in literature the role of owners in the OC formation process has been referred to, the impact of the owners could not be ascertained in the present study. The authors of the article do not deny the role of owners in the OC formation process, though. But as the owners of NET and NEV are the same and also the cultures of the two companies resemble each other, it is not possible to draw conclusions in the framework of the present study about how ownership affects OC.

The survey proves that there are several issues, which may be crucial in the creation of OC. From the study it appears that not all factors are equally important in the process, but it highly depends on the investigated case, which factors have a more significant role to play in the formation of culture in an organization. Considering management issues, it is necessary to be aware and pay attention to possible obstacles in the process of shaping the presumed OC. Each organization has its own "story" to tell and the researcher has to face the challenge of uncovering the driving forces behind the processes in it.

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KOKKUVÕTE

Organisatsioonikultuuri loomist mõjutavad tegurid: Eesti energeetikaettevõtete juhtumianalüüs

Anne Reino, Elina Tolmats, Pille Mõtsmees

Organisatsioonikultuuri (OK) loomine, hoidmine ja arendamine on üks kaasaegsete organisatsioonide ees seisvatest ülesannetest. Ettevõtte eesmärkide realiseerumist toetava kultuuri loomine on väljakutse iga organisatsiooni jaoks. Kui organisatsioonialases kirjanduses võib kohata küllaltki palju uurimusi selle kohta, mis toimub OK-ga organisatsioonide ühinemise protsessis, siis märksa vähem on pööratud tähelepanu vastupidisele protsessile – kuidas mõjutab kultuuri ettevõtete eraldumine.

OK on sotsiaalne nähtus, ta on ajalooliselt kujunenud ning oma olemuselt terviklik ja küllaltki stabiilne nähtus. Siit tõstatub küsimus – kas ettevõtete eraldumise käigus loodud uut ettevõtet saab kultuuri kujunemise vaatepunktist pidada nn puhtaks leheks? OK-i mõjutavaid tegureid võib välja tuua mitmeid – üldine (nt. rahvuskultuur) ja spetsiifiline keskkond (nt. seadusandlus, tööstusharu),

organisatsiooni liikmed (juhid, töötajad), omanikud ja organisatsiooni ajalugu. Käesoleva artikli eesmärgiks on tuua välja kõige olulisemad tegurid, mis mõjutavad OK kujunemist organisatsioonide eraldumise kontekstis.

Käesolev artikkel on koostatud kahe Eesti energeetikasektoris tegutseva ettevõtte – Narva Elektriteenused (NET) ja Narva Elektrivõrk (NEV) juhtumianalüüsina. Esimene on spin-off ning teine küllaltki pika ajalooga ettevõte. Artiklis antakse ülevaade organisatsioonide ajaloost ning keskkonnast, milles ettevõtted tegutsevad. Autorid viisid mõlemas organisatsioonis läbi kvalitatiivse uuringu, kasutades organisatsioonikultuuri analüüsimiseks Konkureerivate väärtuste küsimustikku (loodud A. Reino poolt). Lisaks kasutati intervjuutehnikat (struktureerimata intervjuud ning fookusgrupi intervjuud), vaatlusi ning dokumentide analüüsi.

Tuginedes NET-i juhtkonna käest saadud informatsioonile ning spetsiifilise keskkonna analüüsile eeldati, et kahe organisatsiooni kultuurid on erinevad. Uuringu tulemusel selgus aga, et organisatsioonide kultuurid on sarnased. Mõlemas organisatsioonis domineerib tulemustele orienteeritud OK tüüp; ka organisatsioonide väärtused on sarnased. Väärtuste hierarhias esinevad vaid marginaalsed erinevused. Autorid diskuteerivad artiklis saadud tulemuste üle ning toovad esile kõige olulisemad tegurid, mis on NET-i kultuuri mõjutanud, s.o. organisatsiooni ajalugu ning organisatsiooni liikmed. Samuti leiavad autorid, et OK kujunemisel on väga oluline tähtsus ajal – NET-i loomisest oli uuringu läbiviimise ajaks möödas pisut üle aasta, mis on liialt lühike aeg, et saaks rääkida OK muutumisest. Käesolevas uuringus ei leidnud kinnitust spetsiifilise keskkonna mõju OK-i kujunemisele. Autorid ei eita mõju olemasolu, vaid analüüsivad, miks konkreetse juhtumi puhul spetsiifilise keskkonna mõju tagaplaanile jäi. Uuring annab kinnitust sellest, et kuigi OK-i mõjutavaid tegureid on mitmeid, on nende tegurite mõju ulatus ning olulisus iga organisatsiooni puhul erinev ning selleks et analüüsida organisatsioonikultuuri, tuleks vaadelda iga organisatsiooni eraldi juhtumina.

1.2. EXPLORING UNIVERSITY CORE VALUES WITH THE CRITICAL INCIDENT TECHNIQUE: AN EXAMPLE OF STUDENTS' PERCEPTIONS AT THE UNIVERSITY OF TARTU

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Introduction

The last decade has witnessed doubling of the number of university students (hereinafter, students) in Estonia. If in 1993/1994 there were approximately 25,000 students, then by 2002/2003 their number had skyrocketed to over 62,000 (Üliõpilaste..., 2003). However, this increase has been possible on account of tuition-fee-charging education, because the number of state-financed places has been relatively stable over the years. Public universities, therefore, compete on two frontlines: on the one hand, attracting most promising students to state-funded places, and on the other, trying to find the market among students who can pay for tuition themselves. Almost half of all students nowadays pay for tuition and the proportion is only slightly smaller if we restrict ourselves to public universities alone (*Ibid.*). Together with the emergence of private universities these developments mean that public universities are facing a completely new situation. They have become competitors for both getting funding from the government and attracting students who can afford to pay their fees. The abovementioned trends are coupled with the discouraging demographic situation: due to a low birth-rate, the number of Estonian students will soon start decreasing gradually, even though a university degree has become a standard level of education. It must be noted that the described trend has been global rather than specific to Estonia: Lueddeke (1999, p. 235) refers to an international study that identified the following challenges for universities in the 21st century: greater competition for funds and students who are more specialized and demanding, more efficient management, possibly fewer institutions and closer integration and networking among the survivors.

The nature of competition in education differs from the standard market solution. Even though we now have price tags to the education offered by different universities, there seems to occur no price-competition. Education resembles "experience good" rather than "search good", and the quality of the service offered cannot be directly observed before consumption. Moreover, the lack of repeat purchase and warranties sets limits to quality control. In such a situation, prices may or may not reflect the quality[1]. This makes comparing universities extremely difficult, or practically impossible. Scholars and governmental agencies have come up with numerous methods and indicators for estimating the "quality" of universities, but in all of the attempts one has to bear in mind the purpose and possible personal biases of report-writers. One could simply rely on official accreditations, which correspond to international standards, and leave the issue of quality-aside.

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[1] For example, the price for a master's degree in the communications faculty of Academia Nord, which has no state accreditation as of June 2005, is 17,500 Estonian kroons per semester. Almost the same "product" with full accreditation in Tallinn University of Technology costs the same amount if not less (sources: university home-pages). Information on accreditation was obtained from the public electronic database of the Ministry of Education and Research.

Given that there are several accredited alternatives on the market, a potential student might base his or her decision on aspects other than the course content or price. Here, much depends on personal characteristics or preferences and often the choice is made according to the image of the university – the impression developed by word-of-mouth advertising or media (Patton, 2000). This is why universities should care about their organizational values: people are claimed to be attracted to organizations that share their core values (Schneider, Goldstein, Smith, 1995); organizations where they can express more of themselves (Dutton, Dukerich, Harquail, 1994). Hence, it is important for a university to acknowledge its values in order to attract "appropriate" students and employees. But not only are the new members at stake; the values appreciated by the existing members also affect an organization's everyday functioning and viability in the long-term.

Firstly, when the members identify themselves with the organization (i.e. share the values of the organization), attachment to an organization continues even after leaving the organization (Rousseau, 1998, p. 229). For a university, retaining loyal alumni is essential, for it enables access to organizations (for research), professionals (for guest of honor lectures), word-of-mouth advertising, supplementary financing, etc. It has been found that graduates hold this kind of attachment to their college if they perceive their university as distinctive in attitudes, values and practices (Dutton *et al.*, 1994, p. 246).

Secondly, shared organizational values increase cooperation inside the organization, but also increase competition with nonmembers (*Ibid.*, p. 254). While the cooperation part is no doubt a desirable consequence, the sense of competition might prove dangerous in a network-oriented educational world. This might be the area where the content of values matters.

Lastly, clear values would enable a more focused signaling to and communication with the outside world. Messages sent by a university are come across with greater understanding and acceptance if the content of the message is in line with the principles associated with the organization. On the other end of communication, clear values help the organization to formulate policies and provide arguments for particular decisions.

Given that organizational values might embed a great potential for universities, the article will next give an overview of previous literature on university culture and values and thereafter will examine one possible method, the critical incident technique, for uncovering organizational values. Empirical results from the University of Tartu (hereinafter, UT) are presented in Chapter 3. The UT as an exemplary case was chosen because it is the biggest and oldest university in Estonia, it produces the largest number of Estonia's masters/doctors per year, and it also employs most PhD holders as scholars (Ministry of Education and Research, 2004). For these reasons, the term "university" was automatically associated with the UT in Estonians' minds for many decades. The situation has now changed, and suggestions how to strengthen the UT's values in the eyes of its stakeholders are presented in the discussion chapter below.

Literature overview

Organizational values are discussed in the literature mainly because of their presumably positive effect on organizational performance (Peters, Watermann, 1982; Schein, 1992; Collins, Porras, 1994). There is no reason to assume that universities are exceptional in their capacity to absorb the potential of well-functioning values and, as noted before, there are remarkable benefits involved if values are shared among organizational members. Padaki (2000), Chatman, Jehn (1994) and O'Reilly, Chatman, Caldwell (1991) have pointed out that an industry itself dictates certain values and indeed, universities too are claimed to have a special culture (Bartell, 2003, p. 54). For instance, Pei (2002, pp. 2–3) suggested that the shapers of university culture are the following four values:

a) Toleration and diversity, multiple consciousness;
b) Skepticism and examination, repeated questioning and arguing, unconventional innovative behavior;
c) Sense of individualism;
d) Non-utilitarian, intentionally distant pursuit of truth.

However, reality might differ from these ideals. Wilshire (1987, pp. 254–255), for example, was very critical of the last value-set in practice, while maintaining that this value should be the ultimate driving force in academia. Much of the literature deals with values indirectly, under the label of university culture, and the results are generalized across several universities. For example, Bergquist identifies four culture types on the basis of the research of 300 colleges and universities: collegial, managerial, developmental, and negotiating; McNay labels the cultures as collegium, bureaucracy, enterprise and corporation (Lueddeke, 1999, p. 237). Further, Silver (2003, pp. 160–162) examined 15 universities in various parts of the United Kingdom and discovered that university culture can be characterized as the "culture of research" (as opposed to the "culture of teaching"), the "culture of tension and conflict" and the "culture of change". Given the extreme fragmentation of universities and the existence of rival sub-cultures in academic organizations, he stated that universities did not have a culture (*Ibid.*, p. 167). Froman (1999) concluded something similar: he analyzed the culture of universities in the framework of a "learning organization" and the result was that universities were characterized by fragmentation, bureaucracy and individualism (pp. 186–187) rather than learning culture. Yet, he also showed that successful universities in the long term would embed values like openness, dialogue, support, external orientation, empowerment and risk-tolerance. Cameron and Freeman (1991) gave rise to optimism not only theoretically, but also empirically. They tested organizational effectiveness and culture type in 334 US colleges and universities and found that higher effectiveness was associated with adhocracy culture – i.e., organizations that are externally oriented, dynamic, aimed at growth and influencing the future. This culture is largely based on the values proposed by Froman: entrepreneurship, flexibility, creative experimentation, risk and external positioning. Adhocracy culture prevailed also in the study conducted among Estonian universities and university colleges (Reino, 2004, p. 6).

In addition to the values that tell us what a (good) university is like, every organization is guided by some values that solely characterize that organization in its internal and external dealings. These values may be inherited from different aspects of organizational life, such as the age of the organization, the leader's personality, the ownership structure, etc. According to Lencioni (2002), such values are different from the so-called permission-to-play values, i.e., the minimum behavioral and social standards required of any employee in a particular field, e.g., education; these values should help distinguish one organization from its competitors (p. 114). Lencioni called them "core values".

University core values are by definition organization-specific and perhaps for this very reason – that the topic is less publishable due to little general interest – the literature is rather limited. Kramer and Berman (1998) studied a large U.S. mid-western research university and brought out six value-categories with no attempt to generalize them to all universities: traditions, student subculture, clash of cultures, conflict over espoused values, unifying values and fragmentation values. According to the author's best knowledge, university core values in Estonia have not been studied before. Nor are there empirical works on the factors that might affect the perception of values at the university. However, some guidelines from general organizational studies are available.

Firstly, there is some evidence that women are more inclined to identify themselves with the organization and attach positive characteristics to it. Specifically, they are found to be more satisfied with their jobs, although they are paid less than men (Hakim, 1991). It is also found that men and women perceive organizational procedures in terms of justice differently. Thus, in this report, male and female students will be analyzed separately. Secondly, the length of service in the organization is positively related to organizational commitment (O'Reilly, Chatman, 1986; Dutton *et al.*, 1994), which indicates that "older" members give more appreciation to the values of the organization. In this study, a distinction is made between students in their first and second year (as a shorter tenure group), and those in their third or further years (as a longer tenure group). There is a third aspect that might be important in the university context: the financial relationship with the organization. One can imagine three kinds of relationships: state-financed students who are not employed by the university, students who also have some paid duties in the university, and thirdly, students who pay for their studies. In the current study, only two types are identified: state-financed and fees-paying students. Presumably, the proportion of employed students among undergraduates is negligible. Finally, it is sometimes suggested that the so-called core workers – employees' whose knowledge and responsibilities are absolutely paramount to the organization's success – are more likely to identify themselves with the organization they work for (Roussseau, 1998, pp. 224–225). Among students, it is difficult to identify "core"-groups. In the UT, such students might perhaps be those who get a unique qualification in Estonia – medical doctors, for instance –, but this would be a speculation and no such variable has currently been included.

It can therefore be said that even though university culture and values do not appear to be a clear-cut issue, the existence of particular values in a particular cultural context is still suggested by the majority of authors. In addition, some socio-demographic characteristics may influence the perception of values and how they are followed. The current study is aimed at discovering the core values of the UT. To ensure going beneath the publicly espoused values and discuss the values that are (or at least are expected to be) incorporated in everyday practice, the values-related critical incidents will be analyzed.

The critical incidents technique and organizational values

In the current paper, the critical incidents technique (CIT) is applied in order to develop ideas about university core values. The definition of a critical incident is "a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects" (Flanagan, 1954). The method has been used to analyze a variety of phenomena, including personal and organizational competencies, training needs, communication, acculturation, etc. Organizational values have been studied through critical incidents by Jaakson *et al.* (2004) and Martin, Powers (1991), for instance. In the university context, critical incidents have very often been used to analyze teachers' work, but only a few studies (e. g., Kramer, Berman, 1998 and 2001) also relate the results to university culture. In all the studies, the respondents describing incidents in the organization are either observers (used by Victor, Cullen, 1988) or active participants. An important feature is that the respondents are not necessarily asked to report on their own behavior but rather on the practices and procedures that they perceive to exist in their university in the light of the university values. In the next two subsections the promises and setbacks of the method considering the context of the current research will be discussed. In doing so the author will mainly rely on the works by Flanagan (1954), Fountain (1999) and Bycio, Allen (2004).

Merits of the method

Schein (1992, p. 17) shows that even the espoused values of an organization are not always directly observable, let alone the basic underlying assumptions – the ultimate source of values. Therefore, values often remain hidden until they are challenged. Critical incidents are exactly those events that make values become visible. At the first glance, only dramatic internal changes in the organization or strongly affective external ones make up critical incidents. Yet, it is the regular and often-encountered situations that shape organizational members' understanding of organizational values rather than rare events. Emotions may lose their intensity as the situation becomes a part of routine, but they might also cumulate over time and become obtrusive at some point. In both circumstances the situation is critical for the person involved.

Critical incidents have a potential to reveal the possible gap between what is said to be believed about how the organization functions, i.e., the "espoused" beliefs, and what the actual actions convey to the members of the organization.

Continuing with the virtues of the method, one has to note that the CIT is inexpensive and provides rich information. It escapes the limits of ready-made questionnaires and rating procedures, which are typically used in analyzing organizational culture and values. Compared to the latter, the CIT may provide additional or even different results. In a way, the CIT is a multiple case study, with the research question addressed several times. One implication of such an interpretation is that conclusions should be applied to theory rather than to the whole population. As such, the CIT does not require that the units of analysis should make up a representative sample of the whole population.

The technique is likely to reveal the aspects that immediately come to mind about the respondent's organization, i.e., how the organization is perceived by the individual. In the context of organizational culture, this is a true advantage because we are interested in characterizing an organization via its members' emotional perceptions rather than "objectively". By definition, values cannot exist outside people's minds.

Lastly, the data from critical incidents can be analyzed both qualitatively and quantitatively. Qualitative analysis is useful with more complicated incidents, where several and possibly conflicting driving forces are at work. Aspects of organizational culture are indeed often highlighted by controversial stories (Schein, 1992; Martin, Powers, 1991; Lencioni, 2002) and in this context critical incidents might serve as both the essence and an illustration of a culture. The technique is excellent for exploratory studies, because it enables the categories to be determined in the progress of the work and not necessarily prior data collection. Organizational values and culture form a field that has many underlying concepts (Handy's archetypes, Quinn and Cameron's competing values framework, Hofstede's cultural dimensions, the university-specific approaches discussed above, etc.) and limiting oneself to a particular theory may not be an appropriate restriction for an organization analyzed.

Caveats to the method

There are some clear drawbacks to the technique. The flexibility of the method also implies potential errors that both the researcher and reader should be aware of. Fundamentally, the concerns are of two sorts: those related to the respondents and those related to the analytical procedures.

The first problem comes from the type of the reported incidents. The CIT will rely on events being remembered by respondents. But are the remembered incidents the ones we are looking for? Based on the argument above (i.e. what is immediately remembered is the authentic perception of the organization), they are. Many critical incidents may be forgotten or distorted by the events – this is the fact of life –, but from the perspective of the current research, the related values are of less importance.

The CIT is sensitive to accurate and truthful reporting of incidents. True, it is not at all certain that critical incidents when gathered anonymously and without further examination are true reflections of reality. In the current study, the incidents that seemed to be representing real-life situations, were included in the database, however, it was not possible to crosscheck them. But again, in the context of organizational culture it is less relevant whether the events are factual representations of reality; a person's perception is not assumed to be the "truth", but merely his or her belief about the distinctive attributes of the organization (Dutton *et al.*, 1994, p. 244). And it is the latter that counts.

In addition to the above, it is sometimes feared that the technique will emphasize only rare events, and more commonplace incidents will be missed, even though critical does not mean peculiar or unusual events. As noted before, the values are shaped via "ordinary" rather than dramatic situations; hence, this may distort the results. In this report the bias is not so much towards rare events as towards recent events. As an example, several incidents reported in 2005 and related to *traditions* discussed the campaign to issue the ring of the University of Tartu to all its current and former members. In 2004, there was no such one-off event that would exemplify traditions and therefore they were characterized in more general terms.

With regard to the reliability of the results, the CIT may suffer from sensitivity to the data collection method. Questionnaires versus interviews may provide different types of incidents reported. In this study, all data were gathered through identical instructions, but the author admits that the general emotional predisposition and level of fatigue varied by student groups and this may have had an impact on the results.

Turning to the analysis procedure, serious consideration should be given to the validity of the results obtained by the CIT. The raw data should always be classified into a specific and relatively small number of categories in order to reach meaningful conclusions. If the categories are not defined before obtaining the data, as in this article, the interpretation of incidents may suffer from face validity of the categories and their construct validity. In case computer-aided content analysis is applied with in-built dictionaries, the problem is easily overcome since coding rules are applied in the same way. However, computer categorization ignores context-sensitive events, which was often at the core of the current exercise. The following example will help clarify the idea: one critical incident started with the discussion of the traditions in the university and described many students' "normal" behavior of cheating during exams. The story revealed its author's contempt and disappointment about this widespread tradition. It is clear that this incident is not about *traditions* being violated; rather it is about *honesty* let down by students and equally by professors who allow it. Of course, the amount of data largely dictates whether computer help is needed. Fountain (1999) proposes that even 600 incidents should be worked with at a raw level; the current analysis involved 271 incidents. When manual categorization is conducted (as in the current study), the problem of validity is usually addressed by inter-judging a sample of the data by several experts and comparing the results. The current report did not make use of this technique due to time constraints.

Regardless of computer-aided or manual classification, the decision should be made whether a unit of analysis (one respondent or one incident) is allowed to have single or multiple coding. In the current study, every student was asked to provide one incident. However, some chose to report several incidents related to different values. It then accounted for multiple coding. Also, some incidents were complex sets of issues involving more than one value (e.g., incidents 1 and 4 in Appendix 2), it then also got multiple coding.

Finally, there is no good benchmark for the correct number of incidents: how many of them are needed to uncover all the important categories of behavior? It is suggested that in the simplest analysis, the number of incidents should be between fifty and a hundred. The current study exceeds even the conservative requirement more than twofold. The data were collected and analyzed step by step and the saturation point for the main categories to emerge was around 20 incidents.

As a wrap-up of the above discussion, it is maintained that the CIT is an appropriate method for analyzing organizational values for its potential to provide insightful information, but caution should be exercised both in the process of research and in drawing conclusions.

Data

The data on university values were gathered in spring 2004 and 2005. The sample was 237 undergraduate UT students. The faculties involved were from all over the university: philosophy, social sciences, mathematics, law, physics-chemistry, economics, etc. As there are approximately 10,000 students in the UT (subsidiaries in other cities excluded), the study engaged nearly 2.4% of all students. The description of the respondents is given in Table 1.

Table 1. Description of the respondents

	Gender		Number of years attached to UT			Financing	
	Male	Female	1–2	3 or more	Not specified	State-funded	Self-funded
No of students	75	162	95	141	1	186	69
%	31.6	68.4	40.1	59.5	0.4	78.5	21.5

Groups of three to five students were formed at the seminar of "Organizational behavior" course to discuss three most distinctive values of the UT. After that every student was asked to individually describe one critical incident in his or her university-life related to one of the values. The incident could be either in line with the value or violating it (in the previous literature referred to as "good" or "effective" and "bad"/"ineffective" incidents). In some instances, the students provided more than one incident or the incident was related to several values – all these were included in the critical incidents database, 271 altogether.

The critical incidents were classified according to the author's interpretation (see the next section for a detailed description) and since the database was not enormous in quantity, no computer-aided classification was used. Quantitative analysis was conducted in STATA-program in order to find statistically significant contributors to value-supporting incidents (probit analysis) and incidents related to certain categories.

Results

The values pattern of the UT

More than 40 different values (see Appendix 1) were presented by the groups of students. Initially, all the presented values were collected and listed by the author. For performing the categorization, the grounded theory approach was applied, i.e. there were no pre-determined categories for the analysis. Thus, firstly synonyms like *continuity* and *duration* or *scientific work* and *academically oriented* were grouped, then similar values by the meaning were centered around the synonyms. The aim was to form the categories self-sufficiently and with relatively frequent appearance. Naming the categories was the final stage of the categorization procedure and in doing so the author tried to reflect all the values in that particular category. As a result, the values fell into five distinctive categories listed below and illustrated in Figure 1:

- ***Development and innovativeness*** of the university is brought out by the students. This category mainly reflects new initiatives, technical advancement, opening new faculties, introducing new methods for the teaching and administration of academic life (e-university, for example).
- Slightly contradictory to the previous category, the UT's ***traditions and continuity*** employ a distinct category. The stability of the organization, caring about its traditions, ceremonies and establishments formed the content of this category. The particular words denoting this value category vary least of all: in 80 percent of cases "traditions" were reported.
- Many of the values were associated with the ***academic community***, cultivated by professors, researchers and administrative personnel. In this category there were numerous values that stressed cooperation, teamwork, attachment to academia that enhances science and knowledge. This value resembles most of all the "pursuit of truth" discussed above.
- The value that employs the largest share of all values was related to the ***quality of education***. The students in the UT feel that the organization tries to provide studies that have a good reputation and credibility both internally and externally.
- Finally, the values that are related to ***concern for a student*** were presented. In this category, students' expectations for helpfulness, cooperation, support, fairness, etc. shown by the university were expressed.

Convincingly, the most important value as percentage of all values is related to the *quality of education*. Very often, this value was mentioned in the first order. *Quality* is a relative concept, and thus the category consists of several aspects that reflect the external view of the university. Following Dutton *et al.*'s (1994) approach to the organizational image, this category resembles the "member's beliefs about what outsiders think about the organization". Indeed, such values as *respect*, *credibility*, *competitiveness* are formed on the basis of what peers, the public or future employers would associate the UT with.

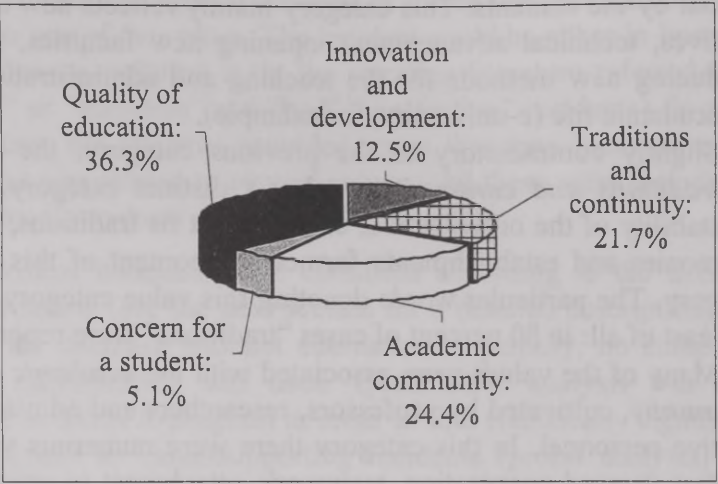

Figure 1. The values pattern of the UT (as percentages of all values).

The next value category is related to the *academic community.* It must be noted that it was sometimes unclear where to draw the line between this category and *quality of education.* Take *professionalism*, for example. No doubt professionalism is a precondition for quality, but the reason for classifying it as *academic community* is the internal connotation rather than the expression of an expectation by outsiders or the "image" of the UT. Also, critical incidents were often helpful: when *professionalism* was examined, the events dealt with admiration of a knowledgeable lecturer, who represented scientific qualities to the students (alternatively, instructors who demonstrated no such virtues), whereas concern for the quality of education was a secondary issue in this context. Most of the values in the category are quite straightforward, though: *unity*, *affiliation*, *teamwork*, *devotion*, *academic* *orientation*, *spirit* etc. are adjectives that characterize the students' own experience gained from affiliation to the UT.

About every fifth of all the values belongs to the category of *traditions and continuity*. This is a notably high proportion, given the small variety of wording in the category; in fact, most students attached *traditions* as a core value of the UT. In the light of this, how should the next value category – *innovation and development* – be interpreted? Innovativeness, modern applications, novel solutions and multiple opportunities constitute 12.5 percent of the UT's values pattern. One might see the two categories as somewhat contradictory, if holding on to traditions entails avoiding innovation. The author does not support this idea, and neither did the students: the respondents could not be divided into innovation-students and tradition-students. On the contrary, those students who mentioned *traditions* also tended to express *innovation* in one way or other. Therefore, the apparent contradiction can be tackled as being traditional in some aspects of the university – such as active fraternities, traditional celebrations, referring to a solid history – and enhancing development in other facets – methods of teaching, adjustments of curricula, facilitating international contacts both on grass-roots and institutional levels, etc. However, it seems that the students of the UT perceive the values related to traditions more intensively.

Finally, the category, which can be labeled as *concern for a student*, emerged. Its proportion is the smallest, but it is still a distinct set. Values like *fair treatment*, *equal opportunities*, and *helpfulness* in the administrative side of studies are examples of this category. It is interesting that literature does not suggest that serving students is or should be an explicit university-value. Empirical studies, on the other hand, reveal the students' individual preference for equity values (consideration, courtesy, fairness, social equality, moral integrity), whereas they see their universities emphasize those least of all (Lawrence, 2004, p. 5).

It is worth reminding that all of the above is the result of investigating only one group: students. It has been noted that university-culture is unique by its multiple stakeholders, who are all relevant. Apart from students, there are scholars and also administrative staff: they are part of and, simultaneously, creators of university culture.

Values and critical incidents

The values proposed by the students were illustrated by critical incidents, which either supported the given value or deviated from it. Some examples of critical incidents are given in Annex 2, but in general the critical incidents varied greatly both in terms of content and level of detail. They ranged from a particular professor's admirable devotion to his/her research or the helpfulness of a department's secretary to fix some bureaucratic problem to a change in university strategy or introducing new procedures (like computer-based registration to lectures and exams). The results of the critical incidents presented are given in Table 2.

Table 2. Values and critical incidents

Value categories	Critical incidents*	Of those supporting the value (%)	Of those violating the value (%)
Innovation and development	9.9	92.6	7.4
Traditions and continuity	21.3	98.1	1.9
Academic community	21.8	76.3	23.7
Quality of education	37.6	58.8	41.2
Concern for a student	11.4	51.6	48.4

Notes: * percentage of the overall number of presented incidents

A number of interesting observations can be made from Table 2. To begin with, the students present the critical incidents in accordance with the values pattern presented earlier, i.e., the more often a value was mentioned the more critical incidents it received. This is where the reported incidents in a category (both positive and negative) are just another revelation of the espoused organizational values discussed above. But the analysis of the values "in action" requires splitting the reported incidents into value-enforcing and value-violating ones. This is done in the two last columns of the table.

The relationship with the "importance" of values, expressed by the number of incidents, and the proportion of value-aligning critical incidents is obscure. It does not seem to hold that more frequently reported incidents also get the highest share of negative assessments: *concern for a student* is an illuminating example here. Actually, this result is consistent with a previous study by Danielson (1998) on student satisfaction-dissatisfaction, which, using the CIT, revealed that when students express dissatisfaction in relation to the university, it has likely to do with their perceptions of unfair treatment and difficulties in maneuvering through bureaucratic academic systems. Thus, the result might be universal rather than specific to the UT.

The frequency and content of the presented critical incidents allow us to conclude that for UT students, *traditions and continuity*, *academic community* and *quality of education* demonstrate strong identifying qualities of the organization. *Innovation and development* and *concern for a student* come into picture, but far less prevailingly, mainly because of the small fraction of critical incidents that are associated with those values.

The impact of gender, students' study time at the university, and their financial relationship with the university on the type of critical incidents was analyzed. Correlation coefficients and tests of independence of the types of incidents and the mentioned variables are presented in Table 3.

Table 3. Relationship between the socio-demographic variables and the type of the reported incidents

Variables	Type of critical incident				
	Innovation and development	**Traditions and continuity**	**Academic community**	**Quality of education**	**Concern for a student**
Gender (0 – female, 1 – male)	ρ = –0.03 p = 0.64	ρ = 0.007 p = 0.90	ρ = 0.007 p = 0.91	ρ = 0.01 p = 0.89	ρ = –0.06 p = 0.35
Study time (0 – 1st and 2nd year; 1 – 3rd and 4th year)	ρ = –0.08 p = 0.19	ρ = 0.13 p = 0.03	ρ = –0.14 p = 0.02	ρ = 0.01 p = 0.81	ρ = 0.07 p = 0.27
Finance (0 – state-financed; 1 – fees-paying)	ρ = –0.06 p = 0.30	ρ = –0.04 p = 0.53	ρ = –0.04 p = 0.53	ρ = 0.13 p = 0.03	ρ = –0.01 p = 0.88

Notes: Results in bold show differences at 5% significance level

The table shows that there is no difference between male and female students in their preference towards picking a certain type of incident – in other words, the hypothesis that the type of incident is independent of gender cannot be rejected. Thus, no judgment can be made about female students' disposition for the *concern for a student*-value or about male students being emotionally more involved with *innovation and development* or any other value. Study time, however, shows some significance. At 5% significance level, the students who have been affiliated to the university for three or more years are less likely to report *academic community* (correlation coefficient is negative) and more likely to report incidents on *traditions and continuity*.

As far as the financial relationship with the university is concerned, the value where the correlation between a student's choice of incident and paying for the studies is significant is the *quality of education*. Hence, an argument that those who contribute financially to their studies also care more about the quality of the "purchase" can be made.

Value-enforcing critical incidents

Next, the issue of the content of critical incident will be analyzed. In order to find possible statistically significant relationships between the value-enforcing incidents and other variables – the type of incident, respondents' gender, tenure and financial relationship – the respective *probit*-models were tested. The results of the two models, all variables included and statistically insignificant variables removed, are presented in Appendix 3.

In general, it appears that study time and gender do not play a significant role in the students' assessment of critical incidents (see Model 1 in Appendix 3). Even if we look at those incidents where study time had some influence (*traditions and continuity*, and *academic atmosphere*) one cannot conclude that either group reports more positive incidents. In other words, although younger students report more such real-life examples that are related to *academic community*, the proportion of their positive incidents does not differ from that of their senior colleagues. The same is true in the case of *traditions and continuity* (the share of negative incidents in this category was marginal, too). Thus, there is no confirmation for the hypothesis that longer attachment to the UT is accompanied by reporting more positive examples of values at work.

Similarly, the issue of gender enables only cautious interpretation, since the variable is insignificant ($p = 0.57$). However, it is tempting to note that the correlation coefficient between positive incidents and male respondents is negative ($\rho = -0.03$). If we look for a specific type of incident, significant gender differences can, in fact, be traced (see Table 4). Particularly, the assessments of *innovation and development* are likely to be negative when the respondent is male: The correlation coefficient $\rho = -0.48$ ($p = 0.01$). This shows that even though male-students do not generally put more importance on the *development* value in the UT, they likely find this value violated once reported.

Table 4. Relationship of gender and positive assessments to types of incidents

Variables	Positive assessments to type of critical incident				
	Innovation and development	**Traditions and continuity**	**Academic community**	**Quality of education**	**Concern for a student**
Gender (0 – female, 1 – male)	$\rho = -0.48$ $p = 0.01$	$\rho = 0.02$ $p = 0.86$	$\rho = -0.19$ $p = 0.17$	$\rho = -0.01$ $p = 0.92$	$\rho = -0.09$ $p = 0.61$

Notes: Results in bold show differences at 5% significance level

One clearly significant variable in Model 1 is whether the student's study is financed by the state or not. The coefficient is significant and positive, meaning that fees-paying students report more positive incidents. An interesting insight into this is provided by the scrutiny of specific types of critical incidents (see Table 5). The correlation coefficient is positive, $\rho = 0.19$, and marginally significant: $p = 0.06$ in case of the *quality of education*. But fees-paying students differ remarkably from their peers with respect to yet another type of critical incidents – *concern for a student* ($\rho = 0.42$, $p = 0.02$).

When it comes to the types of critical incidents' general potential to be assessed positively rather than negatively, the model adds little to Table 2. Model 1 shows that assessments of *concern for a student* do not significantly differ from assessments of the *quality of education*. In Model 2, where irrelevant variables are removed, there is almost twofold likelihood that *traditions and continuity* will obtain positive assessments compared to the *quality of education* and *concern for a student.* The critical events, in turn, that dealt with the *academic community* have 58 percent higher probability of being value-aligning incidents. Also, the students who are not funded by the state are 56 percent more likely to report positive incidents than those who are.

Table 5. Relationship of a student's financing and positive assessments to types of incidents

Variables	Positive assessments of the types of critical incident				
	Innovation and development	**Traditions and continuity**	**Academic community**	**Quality of education**	**Concern for a student**
Finance (0 – state-financed; 1 – fees-paying)	$\rho = 0.13$ $p = 0.50$	$\rho = 0.03$ $p = 0.82$	$\rho = 0.07$ $p = 0.61$	$\rho = 0.19$ $p = 0.06$	$\rho = 0.42$ $p = 0.02$

Notes: Results in bold show differences at 5% significance level, the results in italics show marginal differences

It must be noted, though, that the model itself is not well described (see Model 2 in Appendix 3). The success of predicting positive incidents by means of the included variables is only 17.3 percent. Thus, there might be other factors that contribute to the students' perceptions of how values of the UT are followed in everyday situations – the likely variables include age, faculty, active involvement with the UT outside the compulsory curricula, etc.

Discussion

One might say that it takes no research to learn that the UT organizational values are related to *traditions* and the *academic community*. Indeed, what the core values of the UT mirror are exactly the university's solid history and institutions and traditions that have been preserved and cherished over several hundred years – the facts that can be obtained from "hard" data. A large proportion of UT students live in dormitories; most of their activities are centered around one campus. Intellectual concentration in Tartu is relatively high; the University plays an important role in the local community. When it comes to the *quality*, also hard data can be analyzed: the UT scholars publish more than their counterparts in other Estonian universities. Thus, the values do not seem to open any new knowledge about the university. Instead, they confirm what we claim to know already. Yet, if we ask a person directly about values, he or she is most likely unable to respond (Silver 2003, p. 161). This is because very often core values are the so-called "theories-in-use", which are unconscious, taken-for-granted, and not paid attention to. The concept of basic assumptions, suggested by Schein (1992) explains this phenomenon (pp. 21–26). This is where critical incidents serve as a useful tool, revealing the values or confirming earlier results.

It was also found that the students who had stayed with the university for at least three years brought out the *traditions and continuity* value, whereas those of a shorter tenure laid more stress on the *academic community*. This is a somewhat unexpected result. One explanation is perhaps that students become aware of university traditions as the time progresses and it is not this aspect of university culture they encounter during the first years of their studies. Instead, first and second-year students perceive academic values as they are expressed in their student life. Thus, if the UT is concerned about how to attract new students, aspects of the *academic community* seem to be the argument that fresh members pay attention to.

In addition, the study showed that fees-paying students differ significantly from their colleagues whose studies are funded by the state – they give more positive assessments to the *quality of education* and *concern for a student*. One explanation may come from the post-purchase rationalization concept or even decision justification theory (Connelly, Zeelenberg, 2002). Especially in case of high involvement goods people seek for information that would justify their expenditure and decrease the feeling of regret. However, the author believes it is not the case here, because the students' employers do much of the financing. As mentioned above, the *quality of education* is a view that students believe outsiders hold towards the UT – hence, the positive assessments of quality show that in the students' opinion, providers of their funding will get the expected quality for their money. Of course, it is in principle possible that education of better quality is provided to those who pay for their studies; yet, this conclusion is not viable in the UT because firstly, here students with different financing schemes intermingle in groups, and secondly, professors and curricula are identical regardless of who pays for the studies. With respect to the more positive view on *concern for a student*, the reason for the difference might, in fact, be special treatment by the university. In some faculties, self-financing students have a special program coordinator or contact administrator in place to help them with getting information, materials, etc. It seems that such help is appreciated by the target group and explains the difference. Consequently, it can be said that UT students outside the state-funded places are not *a priori* more demanding or critical about the *quality of education*. Conclusions about *concern for a student* should be more cautious because the circumstances might differ for fees-paying and state-funded students.

The current analysis found no significant difference between male and female students either in their choice or assessments of critical incidents. The only exception was the *innovation and development* value, where male students took a more critical approach. Although this value was not amongst the most important ones in the UT, it is useful to know that novel solutions are appreciated by women, but taken-for-granted by men. Hence, delays and failures, even if incidental, catch the attention of male students.

There are some clear implications for the university's positioning in the educational market. Firstly, the university administration should analyze whether the core values presented in this report are the ones it wishes to be guiding the life of the academia. If not, serious consideration should be given to questions such as: what philosophies, policies and procedures are in place that enforce such values for students? How can they be changed to reflect the desired values? Is the administration's ideal realistic? etc. On the other hand, if the core values suggested in this article coincide with the administration's view, there are many alternatives for further positioning on the Estonian (and perhaps even international) educational market. The values should be enforced more explicitly in all the activities in the university, for example, exhibiting them in marketing campaigns (open doors days, websites, university brochures, press-conferences, etc.), taking them as the basis for formulating strategies, but also using them for operational work – making decisions and explaining them to the stakeholders. A distinguishable organizational identity is one of those few assets that are not subject to copying by competitors. In addition to better positioning of a university in the educational market, a strong identity would result in higher commitment by the employees and students even after the employment-term or graduation, and in more intense cooperation between the existing members.

The limitations of this study call for continuing research in the field of university values. It would be interesting to compare the values perceived by different stakeholders (administrative staff, scholars, students, alumni) and different universities: new versus old, public versus private, research versus teaching universities, etc.

Conclusions

Universities with similar faculties provide education that in many cases is equally competitive and qualified. Universities are looking for arguments in order to attract potential students (and scholars). The current study makes the case that education providers should lay more emphasis on their core values – the values that distinguish one organization from another and that make stakeholders (including students) hold and be proud of specific organizational characteristics. One possible method for uncovering organizational values was looked at in depth – the critical incident technique. It was found that the technique enables researchers to work with rich data, which is appropriate and relevant for organizational culture studies. However, vigorous standards should be enforced when analyzing the data. As an example, the current article analyzed the values and critical incidents reported by 237 undergraduate students of the UT and concluded the following.

The students of the UT name numerous values, which can be classified into five categories: *innovation and development*, *traditions and continuity*, the *academic community*, the *quality of education* and *concern for a student*. The frequency of the abovementioned values as well as the intensity of the presented critical incidents allows one to conclude that the distinct core values of the UT are the *quality of education, traditions and continuity*, and the *academic community*.

There are statistically significant differences between the students' socio-demographic characteristics and the importance they attach to values and the way they see the values enforced by the university. Particularly, students in their first and second year report more critical incidents related to the *academic community,* while senior students stress *traditions and continuity*. Male students are more critical of how the values *innovation and development* are pursued, whereas fees-paying students respond more favorably to the values *the quality of education* and *concern for a student*.

Based on the results, it is suggested that the UT could more clearly emphasize its traditions and its members' belonging to a unique academic community in its communication policy and internal initiatives. It is also noteworthy that the image of the UT as a provider of high-quality education matters greatly to the students, even if they do not find this value always being held on- to during their studies.

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KOKKUVÕTE

Ülikooli põhiväärtuste uurimine kriitiliste juhtumite meetodil: Tartu Ülikooli tudengite näide

Krista Jaakson

Ajal, kus tudengitel pole valida mitte lihtsalt era- ja riiklike ülikoolide vahel Eestis, vaid era- ja riiklike ülikoolide vahel terves Euroopas, on ülikoolide konkurentsivõime omandanud uue tähenduse. Teema on seda aktuaalsem, et kuigi tudengite üldarv Eestis on viimase kümne aasta jooksul kaks ja pool korda suurenenud, on riiklikult finantseeritud kohtade arv samal ajal jäänud praktiliselt muutumatuks. Riiklikes ülikoolides, sh Tartu Ülikoolis (TÜ), moodustavad oma õpingute eest maksvad tudengid pea poole.

Antud artiklis on näidatud, et positsiooni haridusmaastikul aitaksid tugevdada TÜ põhiväärtused ning väärtuste analüüsimiseks sobib kriitiliste juhtumite meetod. Kriitiliste juhtumite meetodi eelisteks antud uurimisvaldkonnas on esmalt meetodi odavus, paindlikkus ja inforikas andmestik, mis sellega saadakse. Keskendutakse juhtumitele, mis vastajatel koheselt meenuvad ja mis on väärtuste seisukohalt olulised. Juhtumeid võib analüüsida nii kvalitatiivselt kui kvantitatiivselt ning seda võib teha ka kindla teoreetilise raamistikuta. Meetodi suurimaks puuduseks on võimalik valiidsuse kadu, kui juhtumite klassifitseerimiseks puudub kindel alus.

Töö autor palus 237-l TÜ tudengil kirjeldada oma ülikooli väärtuseid ja illustreerida üht neist kogetud kriitilise juhtumiga ülikoolielust e. tegelikult aset leidnud sündmuse või situatsiooniga. Tudengid kirjeldasid TÜ väärtuseid, mis jagunesid viide kategooriasse. Nendeks on: *traditsioonid ja järjepidevus*, *hariduse kvaliteet*, *akadeemiline kooslus*, *uuenduslikkus ja areng* ning *tudengikesksus*. Kriitiliste juhtumite meetod näitas, et TÜ põhiväärtusteks võib pidada eelkõige esimest kolme nimetatutest, sest tegevuspraktikast pärinevad näited (e. kriitilised juhtumid) puudutasid just neid. Artiklis analüüsiti ka erinevusi väärtuste tajumises, mis tulenesid tudengi ajalisest seotusest TÜ-ga ja osalemisest tasulises või riiklikult finantseeritavas õppes.

Järeldati, et võimalikke uusi tudengeid võiks TÜ juures võluda osa saamine unikaalsest akadeemilisest õhkkonnast, vanemad tudengid hindavad aga pigem TÜ traditsioone. Kõigile tudengeile on oluline, et TÜ-l oleks kvaliteetse hariduse pakkuja kuvand. Nn. tasulised tudengid on teistega võrreldes positiivsemalt meelestatud hariduse kvaliteedi ja tudengikesksuse osas. Kuigi viimane väärtus pole TÜ põhiväärtuste hulgas kõige olulisem, tasuks sellele panustada just tasulistele tudengitele õppe pakkumisel.

Antud uuring näitas, et TÜ-l on võimalik oma konkurentsieelise otsimisel ja sihtgruppidele teadvustamisel rõhuda oma põhiväärtustele ja nende kaudu end haridusmaastikul paremini positsioneerida. Tulemuseks on tugeva identiteediga organisatsioon, mille liikmed on pühendunumad ja koostööaltimad, mis on välistele huvigruppidele paremini mõistetav ning mille strateegia ja taktika on ideoloogiast tulenevalt lihtsamini kujundatav.

Käesoleval uuringul on ka mitmed piirangud ja ruumi edasiarendusteks. Metoodika poolel tuleks rakendada juhtumite klassifitseerimist mitme eksperdi poolt. Põhiväärtuste väljaselgitamisesse võiksid olla hõlmatud peale tudengite veel õppejõud ja administratiivne personal, usaldusväärsemate järelduste tegemiseks võiks uuringusse lülitada ka teisi ülikoole. Huvitavaid tulemusi annaks näiteks uute-vanade ja era-riiklike ülikoolide põhiväärtuste võrdlus.

Appendix 1. Values mentioned by the students of the UT

Value Category	Values	No of times mentioned	% of all values
Innovation and Development	Openness	5	12.5
	Innovativeness	39	
	Novelty	1	
	Modern, youthful	8	
	Plentiful opportunities	3	
	Diversification	1	
	Internationality	6	
	Development	23	
	Flexibility	8	
Traditions and Continuity	Continuity	23	21.7
	Stability	5	
	Traditions	131	
	Experience	1	
	Social responsibility	3	
	Duration	2	
Academic Community	Cooperation	23	24.4
	Teamwork	10	
	Attachment and Affiliation	2	
	Unity	19	
	Devotion	11	
	Professionalism	20	
	Knowledge-based	13	
	Honesty	7	
	Research	25	
	Academically oriented	32	
	Spirit	24	

Appendix 1 continued

Value Category	Values	No of times mentioned	% of all values
Quality of Education	Quality	171	36.3
	Reputation	36	
	Elite	2	
	(International) competitiveness	24	
	Respect	9	
	Visibility	1	
	Formalized (procedures)	9	
	Credibility	22	
	Goal-oriented	2	
Concern for a Student	Fairness	8	5.1
	Equal treatment	8	
	Consideration	12	
	Appreciation of students	8	
	Helpfulness	2	
	Equal opportunities	1	

Appendix 2. Examples of critical incidents

Incident 1

The incident is related to the *traditions* and the *academic community* (multiple coding). One particular chair of the University has established a tradition to hold an out-of-doors seminar every spring. The seminars are highly appreciated by students, mainly because several distinguished speakers are present and debates are organized on different topics. There are specific rituals in the seminar: one professor delivers his famous quiz, there is always one practitioner invited, etc. The seminar also promotes team spirit between scholars and students. The feelings of companionship and belongingness are developed: for instance, professors always address students as “colleagues”.

Incident 2

The incident is related to the *academic community*. A student was chatting with her friend at the entrance to a university building, when suddenly a loud noise coming from an old and relatively unfit car disturbed their conversation. Who could possibly drive a car like that caught the student’s attention. When she looked who the driver was, she recognized a highly esteemed university professor: an almost legendary scholar in the university. At that very moment the student realized that for a scientist who is so successful having an old car is very characteristic. Via that incident the student acknowledged the different merits of academic life, because “ordinary” successful people would be ashamed of possessing such a car.

Incident 3

The incident is related to the *quality of education*. A student was taking an exam and in his view, he knew the subject well. However, when the results were given, his grade was B instead of the expected A. He went to talk to the professor, who said that his test was good, but not outstanding in terms of showing extra knowledge, and he refused to revise the grade. The student was puzzled: in his prior experience A was given without any extra knowledge and this professor’s approach seemed discriminative in this context. What this situation really revealed to the student, however, was that A had generally been devalued in the university; in most cases grade A did not demonstrate superior knowledge.

Appendix 2 continued

Incident 4

This incident is related to *innovation and development* and the *quality of education* (multiple coding). Several years ago the UT changed its internal regulations, stipulating that professors older than 65 should resign. This was a big change, which was supposed to attract young scholars to stay with the university and open better career prospects for them. After several years, the change was brought to a serious debate again: a most esteemed professor in turned 65 and had to give up the chair. Everybody seemed to agree that the course of events was not fostering the quality of education in that particular faculty, although the arrangement was probably necessary for the general development of the UT.

Appendix 3. Models to explain value-aligning incidents

Model 1. All defined explanatory variables included

Probit estimates

		Number of obs	= 270
		LR chi2(7)	= 57.02
		Prob > chi2	= 0.0000
Log likelihood = −130.05335		Pseudo R2	= 0.1798

Positive|	dF/dx	Std. Err.	z	P>|z|	x-bar	[95%	C.I.]
Acad* |	.1462327	.0483966	2.62	0.009	.218519	.051377	.241088
Innov*|	.2278126	.0383033	3.40	0.001	.096296	.15274	.302886
Tradit*|	.3255935	.0355214	4.48	0.000	.192593	.255973	.395214
Concern*|	−.0495668	.0832894	−0.62	0.533	.114815	−.212811	.113677
Male*|	−.0716746	.0600693	−1.23	0.218	.296296	−.189408	.046059
Tenure*|	.0532742	.0587474	0.92	0.358	.618519	−.061869	.168417
Finan*|	.1605928	.0493208	2.85	0.004	.27037	.063926	.25726
obs. P |	.7259259						
pred. P |	.7920485	(at x-bar)					

(*) dF/dx is for discrete change of dummy variable from 0 to 1
z and P>|z| are the test of the underlying coefficient being 0

Model 2. Statistically significant explanatory variables included

Probit estimates

		Number of obs	= 271
		LR chi2(5)	= 54.96
		Prob > chi2	= 0.0000
Log likelihood = −131.40275		Pseudo R2	= 0.1730

Positive |	Coef.	Std. Err.	z	P>|z|	x-bar	[95% C.I.]
Acad |	.5869687	.2125948	2.76	0.006	.1702906	1.003647
Innov |	1.372968	.3841078	3.57	0.000	.62013	2.125805
Tradit |	1.993855	.4306472	4.63	0.000	1.149802	2.837909
Finan |	.5679623	.2099164	2.71	0.007	.1565337	.9793909
_cons |	.0061174	.1270364	0.05	0.962	−.2428694	
obs. P |	.7269373					
pred. P |	.7899582	(at x-bar)				

1.3. ORGANIZATIONAL CULTURE THROUGH THE CONNECTIONS BETWEEN METAPHORS AND ORIENTATIONS

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Introduction

Organizational culture (OC) is not an easily characterized phenomenon as it includes several subconscious and emotional mechanisms. Culture can be seen as a multiple phenomenon. The levels or layers in it differ from each other mainly by their visibility, or, in other words, some levels can be more easily seen, whereas others are so emotional and subconscious that it is a challenge to investigate how they are related to the consciously given judgements. Still the need to characterize these deeper levels is becoming more important. Hence it is necessary to know how the members of an organization perceive organizational culture. Here we can refer to metaphors, which are excellent auxiliaries for people to express their subconscious thoughts and perceptions about their organization. To put it differently, metaphors help us to capture the background of the estimations of organizational culture by quantitative or qualitative measurement.

This paper aims to get an in-depth understanding of organizational culture by learning about organizational members' attitudes towards organizational culture orientations and about the way they compare their organization with some other phenomenon.

The current article does not seek to prove the suitability of the methods used to characterize organizational culture.

The advantage of choosing as a sample schools for children with special needs is that the people in those schools usually work with their organization for a long time and due to that they have to think over and interpret their connectedness with the organization and its culture several times. Also the culture-specific aspects are more evident in these organizations as they are comparatively closed to their surroundings.

Having a good knowledge of organizational culture enables the administration to secure the most suitable staff and achieve the best functioning of the organization. This in turn will provide an opportunity to manage its organizational culture and develop cooperation with other interest groups.

Organizational culture and different modes of its expression

In this chapter organizational culture is defined through different paradigms and different approaches to the manifestation of organizational culture are introduced.

There are many definitions of organizational culture. It has been viewed as holistic, historically determined, and socially constructed (Rashid *et al.*, 2003). Most of the definitions are based on the idea that organizational culture incorporates organizational members with different goals, strength, responsibility and attitude (Alvesson, 1987), originates and develops at all hierarchical levels, and is founded on a broad-based history that is realized in the material aspects of the organization. Organizational culture can be perceived as a symbolic context within which interpretations of organizational identity are formed (Hatch, Schultz, 1997). The members of an organization can be characterized by cultural similarity in terms of shared understandings, beliefs, values, norms and symbols that make them differ to some extent from other groups outside the organization (Alvesson, 1987). Cultural difference gives originality to organizations but it is equally important to understand the elements of culture and the processes combining them and also how culture and organization are related to each other.

People who are involved with an organization in one way or another have an important role in creating, developing and changing its organizational culture, because organizational culture and cultural values develop through the cooperation between individuals and organization. While creating a new organization, its members have to find solutions to two crucial problems: 1) how to survive and adapt to the external environment, 2) how to integrate the internal processes (Schultz, 1995; De Witte, van Muijen, 1999). Schein (1984) emphasizes positive reinforcement as one important learning mechanism in the development of culture. People repeat (quit) the behavior that brings them positive (negative) results (De Witte, van Muijen, 1999). Regarding this, Schein (1992) has provided one of the most detailed and comprehensive definitions for organizational culture.

Schein (1992) also describes different levels of organizational culture, but his model is static because the processes of moving from one level to another are not discussed. The description of these processes would help to see how the levels of culture are related to each other. Considering this weakness, Hatch (1993) has tried to complement Schein's theory. She adds the fourth level – symbols –, and characterizes the processes that combine the levels of culture together. Hatch offers a new model – *cultural dynamics* –, the elements of which are combined through manifestation, realization, symbolization, and interpretation processes.

Manifestation permits cultural assumptions to reveal themselves in the perceptions and emotions of organizational members. Realization permits transformation of values to artefacts and deriving values from artefacts. Symbolization and interpretation processes help find out to what extent the artefacts are symbols or whether the organizational symbols are all artefacts.

While Schein's model focuses on which artefacts and values are derived from basic assumptions, the dynamic perspective tries to find out how culture is created from basic assumptions, values, artefacts and symbols and explains the processes that combine the elements (Hatch, 1993). So not only the elements of culture are important but also the way they interact and create the whole. According to Schein's (1992) theory, organizational culture comprises all the different aspects of an organization. However, there is also a possibility that organizational culture is itself one variable in the organization.

Smircich's (1983) paradigmatic approach brings out the very important difference between two approaches: organizations have culture and organizations are culture (Schultz, 1995) (Figure 1).

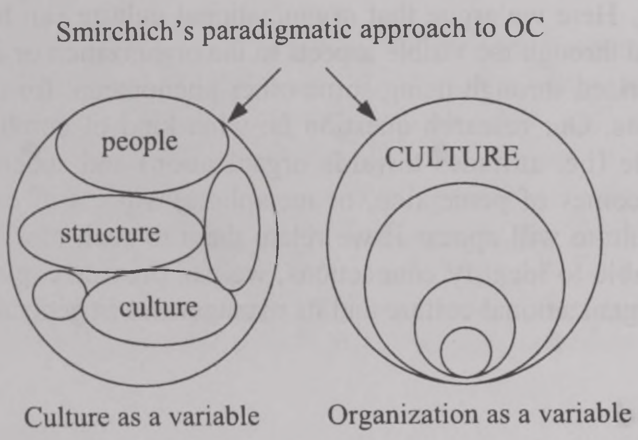

Figure 1. Smirchich's paradigmatic approach to organizational culture (1983) (with the authors' modifications).

The first approach claims that culture is an independent variable itself and is just one part of the organization. The second approach claims that culture is a root metaphor. It means that organizational culture consists of all the different aspects in the organization and the independent variable is the organization itself. Hence organizations differ not only by their culture but also by the way the culture is approached.

Different approaches to organizational culture (Smircich, 1983; Schein, 1984, 1992; Hatch, 1993) share some similarities and differences. One similarity is associating organizational culture with subconscious and emotional mechanisms, which makes the characterization of organizational culture very complicated. The greatest challenge is bringing culture to people's awareness. Culture as a root metaphor gives one an opportunity to express organizational culture the way people perceive it (Smircich, 1983).

Different approaches encourage looking at organizational culture from various perspectives, especially in order to find ways how to assemble their advantages for getting a more in-depth understanding. Here we argue that organizational culture can be either evaluated through the visible aspects in the organization or it can be characterized through using some other phenomena, for example metaphors. Our research question is: what kind of combinations of visible (i.e. attitudes towards organization) and subconscious (i.e. outcomes of perception, or metaphors) aspects of organizational culture will appear if we relate them to each other? When we are able to identify connections, we can provide explanations about organizational culture and its management in general.

Method

In this survey a combined method is used to characterize organizational culture. First, two orientations were chosen to measure organizational culture by the Questionnaire of Organizational Culture (Vadi, Allik, Realo, 2002). Task orientation shows the participants' attitude towards work and towards the aim of the organization. Relationship orientation shows the human side of the organization and how much mutual relations are valued in the organization. (Vadi, Allik, Realo, 2002). These are two dimensions that have been differentiated between in several surveys of organizational culture (Schein, 1992; Schultz, 1995).

Second, the metaphors were chosen to be the other research method. A metaphor means that a not-so-well-known or unknown object is characterized through some well-known object or its properties (Tsoukas, 1993; Palmer, Dunford, 1996; Alvesson, 1993, 1995).

As it was said before, the aim of this survey is not to prove the suitability of the methods chosen but to concentrate on the essence of organizational culture, and therefore we will not address the methodological side of organizational culture.

Sample

The sample included 134 employees from nine Estonian schools for children with special needs. Most of the participants were teachers (82), while the rest represented other staff (principal, paramedic, secretary, accountant, etc.). In 20 cases the information about the organizational members' position was not revealed. The medium age was 45.1 (min = 21, max = 71). The sample included 110 (82%) women and 21 (16%) men; in three cases the gender was not given. Here it is important to note that traditionally most of the employees in these schools are women.

Procedure

Phase 1

The first phase was meant for collecting data about how people perceive organizational culture. The Questionnaire of Organizational Culture (Vadi, Allik, Realo, 2002) was applied to all

134 participants. It included 43 statements about the organization and the people could estimate their congruence with their organization on the scale from 1 to 10. Eight statements out of 43 form the relations orientation factor (Cronbach alpha $\alpha = .79$) and the other eight statements form the factor of task orientation (Cronbach alpha $\alpha = .83$) (see Appendix 1).

Phase 2

The second phase was carried out to see what kind of metaphors people use to characterize their organization. A structured 5-question interview (see Appendix 2) was conducted with 61 employees who were randomly chosen out of 134. This sample included 49 (80%) women and 12 (20%) men. The aim was to interview about half of the whole sample.

Statistical analysis

To perform the statistical analysis, the following groups were formed:

- Age – two groups, the first one including 21–40-year-olds (n = 50); the second group including 41–71-year-olds (n = 76). The age was not revealed in eight cases.
- Education – two groups, the first one including people with polytechnic or high school education (n = 45), the second one comprising people with a higher education (n = 81). The education was not disclosed in eight cases.
- Length of employment – two groups, the first one of those having 1–10 years of employment (n = 62), the second one of those with 11–47 years of employment (n = 60). The years of employment were not indicated in 12 cases.

Other demographic groups formed were not representative enough to be used in the analysis. Qualitative analysis was applied on the metaphors collected during the interview and as a consequence groups were formed. These groups were considered as a variable characterizing organizational culture (see Appendix 3). The reason for using the *living being vs. machine* metaphor in the interview was that the meanings of these two opposites are easily understood by people and they represent two important measures for an organization – technocratic and organic. The differences between these two dimensions are most easily comprehensible to people.

To bring the results of the two phases together without violating the rule of confidentiality, the authors used a coding system instead of names in both the questionnaire and interview.

Results

The aim was to find out in what way the metaphors are connected to the organizational orientations and whether the age, education and years of employment elicit significant differences in estimations given to these factors.

The connection between the length of employment and task orientation showed that people with a shorter tenure (1–10 years) in their organization considered the task of the organization more important than did the people who had worked there for a longer time (over 10 years).

The *living being* vs. *machine* metaphor showed important connections to task orientation. The participants who characterized their organization with the *living being* metaphor also considered the task more important than did those people who used *machine* as the descriptive metaphor.

The *living being* vs. *machine* metaphor also had an important connection to relations orientation, where a similar tendency appeared. The participants who used the *living being* metaphor to characterize their organization considered the relations in the organization to be more important than did the people who used the *machine* metaphor (see Table 1). Due to the fact that some interviewees did not reveal their years of employment or did not agree to choose between the living being and machine, the number of interviews analyzed is 56–57.

Table 1. Statistically significant connections to task orientation and relations orientation

			M	SD	N	p
TASK	Years of employment	1–10	5.7	1.2	25	< .05
		11–47	5.2	14	32	
	I metaphor (*living being vs. machine*)	Living being	5.7	1.3	48	< .01
		Machine	4.0	1.4	8	
RELATIONS	I metaphor (*living being vs. machine*)	Living being	7.1	1.2	48	< .05
		Machine	6.2	1.2	8	

Notes: M – medium score of the orientation; SD – standard deviation; N – number of answers; F – density distribution; P – level of significance

There also appeared one significant interaction ($F(1.47) = 4.70$; $p < .04$) between education and the *living being* vs. *machine* metaphor. The organization's task and aim were considered to be more important by the people who had a higher education and who characterized their organization as a *living being* ($M = 6.0$; $SD = 1.3$), while task orientation was considered less important by the people who had a higher education and characterized their organization with the *machine* metaphor ($M = 3.17$; $SD = 0.52$) (see Figure 2).

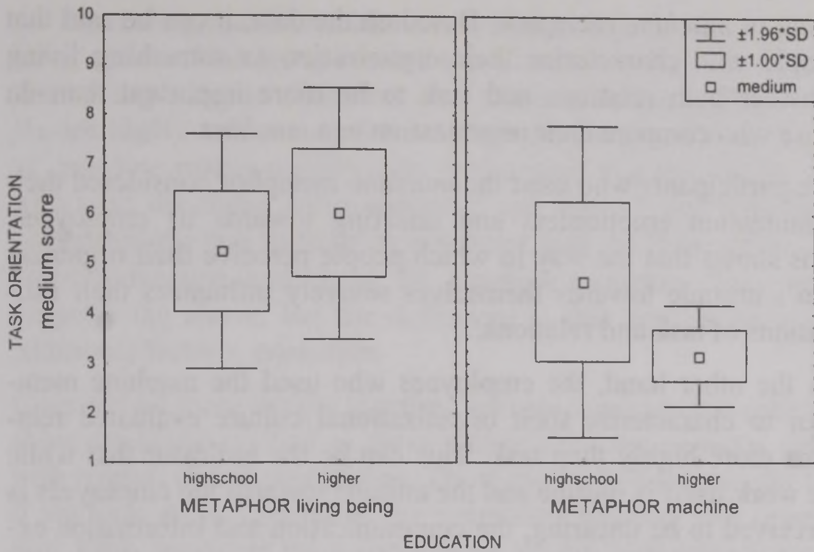

Figure 2. Interaction between education and *living being vs. machine* the metaphor in the case of task orientation.

Conclusions

This survey aimed to get a deeper understanding of organizational culture by analyzing organizational members' attitudes towards organizational culture orientations and the way in which they compare their organization with some other phenomenon. In the interpretation we followed the idea that task orientation of organizational culture is needed for an organization to function effectively and thus we tried to explain how the knowledge of subconscious assessments may benefit the management of this orientation.

The results of the empirical survey show that the metaphor *machine* vs. *living being* differentiated organizational members' assessment of task and relationship orientations. It seems that there is an important aspect behind the decision whether a particular organizational culture can be characterized with the *living* *being* or *machine* metaphor. Based on the data, it can be said that people who characterize their organization as something living consider both relations and task to be more important than do those who compare their organization to a *machine*.

The participants who used the *machine* metaphor considered their organization emotionless and uncaring towards its employees. This shows that the way in which people perceive their organization's attitude towards themselves severely influences their estimations of task and relations.

On the other hand, the employees who used the machine metaphor to characterize their organizational culture evaluated relations more highly than task. This can be the indicator that while the work itself is routine and the attitude towards the employees is perceived to be uncaring, the communication and information exchange is considered to be important as it creates certain synergy and adds some human variety and creativity to an otherwise routine job. Considering the specifics of the work with children with special needs, it requires creativity and flexibility rather than strict rules.

The outcome that people who have worked in the organization for a shorter time consider task more important than relations can have many reasons. Visiting these schools and talking to the employees, we could see that people who have worked there for a short time are mainly young and they are interested in developing the school and bringing it closer to its goal. Young people are also more idealistic, enthusiastic and want to handle the problems more creatively. On the contrary, older people who have worked in this system for a longer time are not so eager to change the organization. One reason can be that they have different views, which date back to the Soviet time. The other reason can be that for them there is a conflict between the support extended by the government and the demands set to the schools. The support has decreased but the demands are still same that they used to be when the schools were founded.

An interesting result was also the interaction between the *living being* vs. *machine* metaphor and the educational level. It showed that having a higher education does not exactly say whether people are highly task-oriented or not, but the metaphor *living being vs. machine* makes a difference. It appeared that the participants who used the *living being* metaphor and had a higher education considered the task to be more important than did those who had a higher education and chose the *machine* metaphor. This result supports the above, but the difference is that here there is one additional factor – education.

If we put all these details together, we can conclude that relationships are highly valued in these schools, but the opinions differ with respect to task orientation. There can be two reasons for this if we look at the content of the statements forming task orientation. First, people in the organizations are not well enough aware of the goal of the organization or second, there is lack of resources to achieve the goal. If the administration of those schools wants to manage organizational culture, they can work out action plans, which are in accordance with these results. The combination of two approaches enabled us to open and explain some aspects of organizational culture in the schools for children with special needs.

To get a better idea about culture in an organization, it is important to survey many aspects of this organization, involving as many workers as possible.

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KOKKUVÕTE

Organisatsioonikultuur: metafooride ja organisatsiooni orientatsioonide vahelised seosed

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Organisatsioonikultuur (edaspidi OK) mõjutab inimeste käitumist organisatsioonis. Oma mitmete alateadvuslike ja emotsionaalsete mehhanismide ja aspektide tõttu on see fenomen raskesti iseloomustatav, mistõttu on vajalik leida selleks meetodeid. OK-d võib iseloomustada ülesande- ja suhteorientatsiooni kaudu või vaadelda seda läbi metafooride. Käesoleva artikli eesmärgiks on tuua välja, kuidas on seotud metafoorid ning suhte ja ülesandeorientatsioon erikoolides. Valimil rakendati (N = 134) OK küsimustikku (Vadi, Allik, Realo, 2002) ja struktureeritud intervjuud.

Empiirilise uuringu tulemused näitasid, et teatud tingimustel on metafooride kaudu võimalik leida sisulisi selgitusi kõrgele/madalale suhte- või ülesandeorientatsioonile. Hinnangud organisatsiooni orientatsioonidele eristusid ka tööstaaži ja haridusgruppide põhjal.

Suuremad teadmised OK-st annavad võimaluse viia edukamalt läbi muudatusi, tagamaks organisatsiooni efektiivseim funktsioneerimine ja sobivaimad töötajad. Antud uurimus võiks eelkõige anda infot sellest, kas ja mil määral teatakse ja teadvustatakse erikoolide eesmärki ja ülesannet ning mil määral ollakse neile orienteeritud. See omakorda annab võimaluse juhtida OK-i ning arendada erikoolide töötajate koostööd kõigi huvigruppidega.

Appendix 1. Statements from the Questionnaire of Organizational Culture (Vadi, Allik, Realo, 2002), which form the organizational orientations

Task orientation	**Orientation of relations**
IN OUR ORGANIZATION …	IN OUR ORGANIZATION …
… people are proud of their organization	… employees know one another
… people are rewarded for their good work	… accepted communication standards exist
… everyone has a big freedom of activity	… [people] know about each others' personal lives
… people are not afraid of making mistakes	… in case of mistakes one feels embarrassed in front of the other members of the organization
… positive changes constantly take place	… in tough situations there is a strong feeling of togetherness
… differences between subordinates and superiors are not accentuated	… [people] know about one anothers' hobbies and out-of-work activities
… people concentrate more on their own needs than on the goals of the organization	… [people] help one another in job-related problems
… people's well-being is important	… all important matters are discussed with one another

Appendix 2. Questions for the interview

1. Would you characterize your organization as a *machine or a living being*? Why?
2. If you had to compare your organization with an animal, then what animal would it be? Why?
3. If you compared your organization with a machine, then what machine would it be? Why?
4. If you had to compare your organization with a season, then which season would it be? Why?
5. If you had to compare your organization with a color, then what color would it be? Why?

Appendix 3. The results of the qualitative analysis for the *living being* vs. *machine* metaphor

Metaphor group		The essence of the group*
I metaphor	group 1: living being	Led by the perception; controversies, illnesses; neg.-pos. emotions; sensibility; soul; continuous development; growing; changing; flexibility; aura
	group 2: machine	Everybody must do exactly what they are told; no free will; no emotions

Notes: * 61 interviews analyzed

1.4. INTERRELATIONSHIP OF ORGANIZATIONAL CULTURE WITH ORGANIZATIONAL CHARACTERISTICS: THE GROUNDS FOR TYPOLOGY

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Background to the research problem

Both researchers and practitioners use the term organizational culture (OC) if they want to underline that like people, organizations have their peculiar characters. Trompenaars and Woolliams (2003) express it as follows: "Culture is to the organization what personality is to the individual – a hidden yet unifying theme that provides meaning, direction and mobilization that can exert a decisive influence on the overall ability of organization to deal with challenges it faces" (p. 364). The role of organizational culture is seen in various respects (see *The International Handbook of Organizational Culture and Climate*, 2001) and thus the knowledge of factors that cause differences in the organizational culture benefits a broader understanding of management of an organization.

Several theorists have pointed out that task-orientation and relationship-orientation of OC capture important aspects of the phenomenon (Smith, 1997; Harrison, 1995; Schein, 1992). These are broad categories, which enable one to reflect on deep-seated processes within an organization.

The behavior patterns of a particular organization are moulded by its size and area of operation. For example, Jackson *et al.* (1989), comparing manufacturing- and service-based industries, exemplify it as follows: "Service organizations differ from manufacturing organizations in three ways: their "products" are intangible rather than tangible, customers are actively involved in the production of services, and the consumption of services occurs simultaneously with their production" (p. 730). Indeed, these differences lead to specific ways of training, control, performance appraisal, etc., resulting in a particular organizational culture and forming certain types of culture.

The overall aim of this article is to explore how organizational characteristics determine an organizational culture's task and relationship orientations and whether these relations reveal the regularities that could be qualified as types of organizational culture. The paper is structured so that the first two sections describe the main concepts of this study–organizational culture and organizational characteristics as well as their potential interrelationship and how they can form types of organizational culture. The third section summarizes the empirical study, while the final section presents the discussion and implications of the results gained.

Organizational culture and organizational characteristics: potential relationships

Thinking of genes as determiners of personality makes us ask the question: What determines organizational culture? Harrison and Carroll (1991) have shown in their extensive analysis of cultural transmission that some alleged behavioral effects of culture might be explained by demographical processes rather than by psychological reactions to cultural content. In other words, certain characteristics of an organization have a powerful role in the shaping of the nature of organizational culture. Putting it metaphorically: there should be some genes which create a certain type of organizational culture. Industry and organizational size are considered to be such genes here. It is important to get an insight of these underlying issues because it may provide us with an understanding how to manage an organizational culture. Even though managers develop it to a certain extent, they definitely cannot fully control it.

Industry is mentioned as one of the forming factors of organizational culture. Trice and Beyer (1993) propose that the influence comes through a particular industrial ideology which prepares the ground for a particular organizational culture. The same was mentioned by Jackson *et al.* (1989) as well as by Hofstede *et al.* (1990) who found that cultural differences derive from the operating idea. Ogbonna and Harries (2002) term the industry "macro-culture" and argue that in food retailing the culture contributes to in-sector learning to a large degree.

Guerra *et al.* (2005) open one aspect of the functioning area when they show on the sample of service organizations that goal orientation of organizational culture moderates the effect of task conflicts in private, and support orientation in public organizations. In other words, task and relationship orientations have some distinct functions in public and private organizations.

The main impacts of the industry derive from the matter whether an organization deals with manufacturing or service. There are several aspects of organizational functioning which craft the differences between the organizational cultures in manufacturing and service. First, Chatman and Jehn (1994) point out that direct supervision is more difficult in the service sector than in the manufacturing sector because of the high frequency of off-site work, multiple engagements, and the high proportion of professional staff members. At the same time, they mention that formal control is stronger in manufacturing. These differences relay service more towards social control than manufacturing organizations.

Second, Harrison and Carroll (1991) refer to the specific features of manufacturing organizations with regard to recruitment selectivity and management socialization when describing various organizational forms (e.g., the American manufacturing form). Harrison and Carroll (1991) say that in practice this form is characterized by lack of concern for both of these processes. It shows also the weaker role of human relations in the area of manufacturing. In the light of the abovementioned issues, one may expect the organizational culture of service industry to be more relationship-oriented than that of manufacturing.

There are also opposite opinions about the influential role of the industry sector. Some researches assert that the kind of industry does not create substantial differences in organizational culture. For example, Cooke and Szumal (2000) express it as follows: "...differences across industries – and across organizations with different environments and technologies – can be observed, but such differences are much smaller than those who embrace "contingency" theories of culture might predict" (p. 150). This is a rather exceptional understanding, while a vast majority of approaches emphasize the effect of industry type on organizational culture. It could be concluded by referring to Chatman and Jehn (1994) whose results offer empirical support to similarities between the cultures of firms in the same industry and to a link between the culture and industry characteristics.

In the first half of the previous century, Weber (1947) referred to organizational size as a major reason for bureaucratization. The operating area is often accompanied by another organizational characteristic – size, which is mostly defined as the result of a large number of organizational members and involves processes of certain kind (Astley, 1985). Manufacturing organizations generally tend to be larger than service ones. Rajan and Zingales (2001) argue that large, steep hierarchies predominate in physical-capital-intensive industries and flat hierarchies prevail in human-capital-intensive industries. Jackson *et al.* (1989) explain the source of impacts of size on practices as follows: in large organizations jobs are generally more specialized than in a small organization, which means that larger organizations should require less diverse skills and, all in all, need less training.

The variation among manufacturing companies depends on their size as well. For example, Hermalin (2001) analyzes how the research of an industrial organization can complement an understanding of the importance of organizational culture by calculating the impacts which derive from the costs and benefits of a culture. He brings out that the variation from the size depends on how the benefits and costs of a culture vary with size. Thus, there is a need for the affirmative mechanisms for the culture when the organizational size changes, because smallness is a relative concept.

Astley (1985) exemplifies well how organizational structure resembles the growth of size and structure expressed in terms of workflow, hierarchy, administrative intensity, and mechanisms of control. He proceeds from the idea that organizations are smaller in their first stages of development and become larger as time goes by, and accordingly present new forms of structure, varying along the dimensions of mechanistic-organic or bureaucratic-non bureaucratic (Astley, 1985). Naturally, this wide scope of organizational structure issues is interrelated with culture. Wah (2001) confirms the dynamics in the relationship between organizational size and its culture. Namely, he argues that as the business grows from small to medium or large size, the Chinese family organizational practice will start to show its disadvantage, while in smaller organizations it still works well.

Smallness leads to closer identification of the organization with 'self' (Gibb, 2000), which explains the notion by Lazear (1995) that smaller firms tend to exhibit stronger corporate culture. It gives us the possibility to hypothesize that relationship orientation is more highly appreciated in smaller organizations than in their large counterparts.

Echoing the theme of the previous overview, the differences in organizational culture are discussed in various respects. It creates the background to asking the question about the regularities in those differences. If the task and relationship orientation of organizational culture could both could appear in high and low amounts, we could create a matrix and relate its quarters to the types of organizational culture. Ashkanasy *et al.* (2000) explain that typology surveys use standardized instruments to yield discrete sets of organizational culture "types". The types will allow respondents to understand the consequences of their type-category membership and also to compare their types with others, which is beneficial for tracking a cultural change in the organization.

To sum up, organizational culture depends on a particular organization's size and industry – some circumstances render greater importance to task, whereas others require relationship orientation. This creates the framework for four types (based on possible combinations) of organizational culture, and the fifth could be in the middle of the conceptual field. We will conclude with a metaphor: the personality types are quite well-known and accepted, which encourages people to follow the same path in regard with the organizational culture types.

Empirical study

Sample

In order to find connections between industry, size of organization and the type of its organizational culture, the authors conducted an empirical study of Estonian companies. The research was conducted in 58 Estonian organizations with more than 2000 respondents. The companies were selected in a non-random manner, as the organization registers do not have a solid basis for random sampling, because only a fraction of the registered enterprises are active in Estonia. The aim was to get a sample structure similar to the economic structure of Estonia.

As only 58% of the 100 companies selected agreed to participate in the survey, we did not get a structure exactly comparable with reality: nevertheless a variety of industries was represented in the study: 24.1% of the respondents were from sales organizations, 17.2% from the production sector, 15.5% from transportation, 10.3% from telecommunications, and 5.2% from banking. The respondents from the public sector amounted to 17.2%. Some companies refused to participate because of the time it takes or they just did not find it beneficial. Bigger companies with foreign ownership refused because of the large number of surveys already conducted in the organization. There were also companies who did not explain the reasons behind their refusal.

As the majority of organizations in Estonia are very small, a lot of small companies participated in the study. Only 34% of the companies in this sample employed more than 100 employees, 21% between 50 and 100, 45% even less.

Measures and results

The task and relationship orientations seem to be vital aspects of organizational culture. There has been developed an instrument that would enable measuring the two aspects in a reliable way (Vadi *et al.*, 2002). The contents of the statements in the latter are connected with the cohesiveness orientation of culture, or in other words, the strength and weakness of the culture, and the members' support to their organization. In our questionnaire the respondents were asked to estimate the statements on a 10-point scale, where 10 indicates absolute agreement with the statement and 1 expresses total disagreement with the statement about a particular organization.

The authors grouped the sorted data into four quadrants and differentiated also the mesian part of the scores (see Table 1).

Table 1. The types of organizational culture (statistical data)

Type/pane	**TO**	**RO**	**Excluding**
WC/ 1.	TO <= 5.61	RO <= 6.19	3. WBC
TC/ 2.	TO > 5.61	RO <= 6.19	3. WBC
RC/ 4.	TO <= 5.61	RO > 6.19	3. WBC
SBC/ 5.	TO > 5.61	RO > 6.19	3. WBC
WBC/ 3.	TO > 4.71 & TO < 5.99	RO > 4.73 & RO < 6.69	

Notes: TO – denotes task orientation, RO – relationship orientation, WC – weak culture, TC – task culture, RC – relationship culture, SBC – strong balanced culture, WBC – weaker balanced culture

Consequently, there are five panes which present five types of organizational culture. First the mesian pane was determined according to the 25% and 75% line. This pane represents the *weaker balanced* culture (WBC), where the value of both task and relationship orientation is near the average. After that the other four panes were determined according to the 50% line. From these panes, organizations belonging to the WBC type were excluded. The culture with low task and low relationship orientation is called *a weak culture* (WC). The culture with high task and high relationship orientation is called *a strong balanced* culture (SBC). There are also *a task culture* (TC), having high task and low relationship orientation; and *a relationship culture* (RC), with low task and high relationship orientation. The mean scores of each pane are presented in Table 2.

The following analysis was made to differentiate between organizations on the basis of their industry and size. The organizations were classified according to their location in the panes of task and relationship orientations scores (see Table 3).

Table 2. Mean scores and standard deviations of task and relationship orientations in the five panes

Type	Pane	Relative importance		TO		RO	
		Number	Per cent	Mean	SD	Mean	SD
WC	1.	17	29.3	4.45	.62	5.53	.37
TC	2.	5	8.6	6.16	.28	5.62	.46
WBC	3.	18	31.0	5.56	.37	6.20	.28
RC	4.	4	6.9	5.01	.54	7.01	.34
SBC	5.	14	24.1	6.29	.45	6.95	.44
Total		58	100	5.42	.86	6.19	.69

Notes: TO – denotes task orientation, RO – relationship orientation, WC – weak culture, TC – task culture, RC – relationship culture, SBC – strong balanced culture, WBC – weaker balanced culture

Table 3. Distribution of organizations in panes according to size and industry

Characteristics	Type of organizational culture					Total
	WC	TC	WBC	RC	SBC	
Size						
N < 25	3	2	4	1	3	12
25 > N < 50	1	1		1	3	6
50 > N < 100	5		5		3	13
N > 100	8	2	9	2	5	26
Total	17	4	18	4	14	
Industry						
production	3		3	1	3	10
sales	2	3	5		4	14
consultation	1		1		1	3
banking		1			2	3
Telecommunication	1	1	2		2	6
entertainment	2					2
Public sector	5		3	2		10
transportation	3		3	1	2	9
Hotel			1			1
Total	17	5	18	4	14	58

Table 3 shows the distribution of organizations in panes according to their size and industry (these merges are indicated in Figures 1 and 2). The information in the figures was reduced and hotels as well as the consultancy companies were left out due to an overly small number of observations.

Figure 1 gives an overview of the panes with regard to industry. The Figure illustrates that entertainment, public sector and production organizations are most often located in the sector of weak culture, having quite low scores on both the task and relationship orientation scales, whereas banks, sales and telecommunication organizations show the opposite tendency, being highly task and relationship orientated.

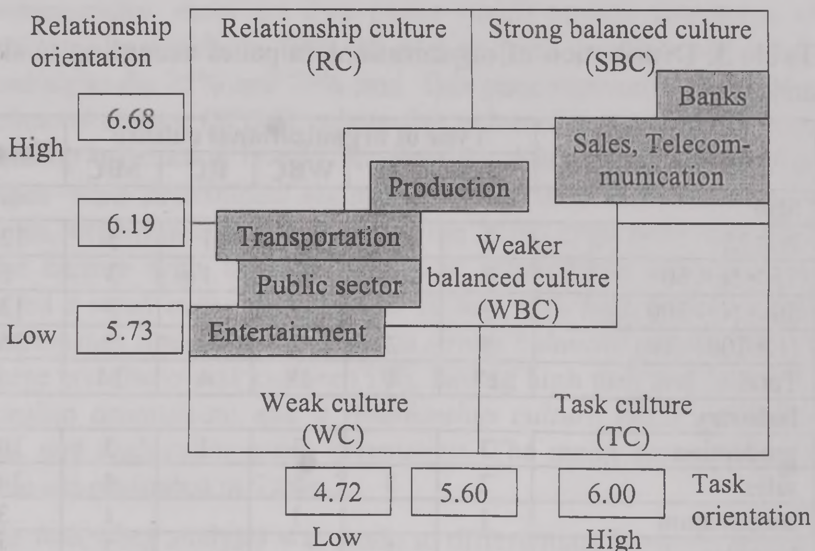

Figure 1. Organizations according to industry in the model of organizational culture.

Figure 2 summarizes the results vis-à-vis the organizational size.

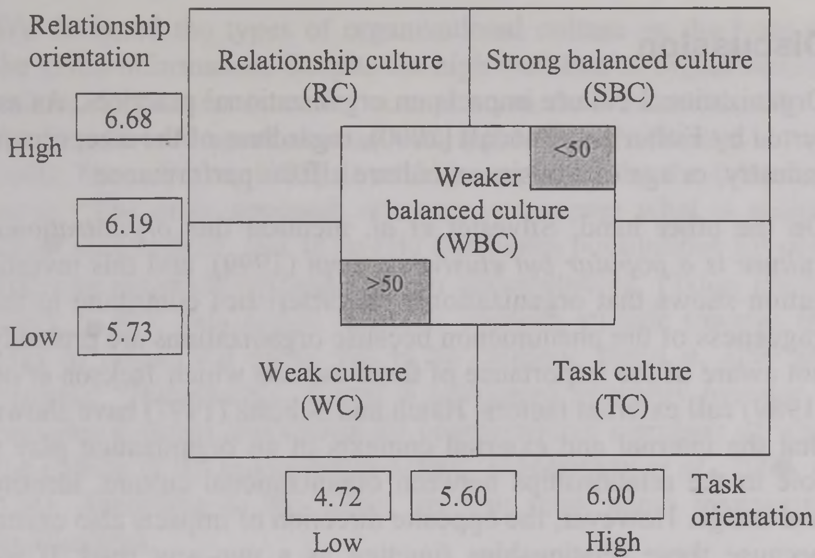

Figure 2. Companies according to their size in the model of organizational culture.

On the basis of Figure 2 we can conclude that small organizations with less than 50 employees have either a strong balanced organizational culture or a weaker balanced culture. Their larger counterparts (especially those having more than 50 organizational members) most often have a weak or a weaker balanced culture.

If we take all the results together, it appears that the industry sector and organizational size can serve as the differentiating factors for estimating the importance of task and relationship orientations of organizational culture. Even more, we can see some regularity within our sample, which enables us to propose the idea about the existence of types of organizational culture.

Discussion

Organizational culture impacts on organizational practices. As asserted by Fisher and Randall (2000), regardless of the size, sector, industry, or age of a business, culture affects performance.

On the other hand, Silvester *et al.* mention that *organizational culture is a popular but elusive concept* (1999), and this investigation shows that organizational characteristics contribute to the vagueness of the phenomenon because organizations are probably not aware of the importance of those aspects which Jackson *et al.* (1989) call external factors. Hatch and Schultz (1997) have shown that the internal and external contexts of an organization play a role in the relationships between organizational culture, identity and image. However, the opposite direction of impacts also exists, because these relationships function as a two-way road. If we know what kind of impacts derive from the organizational characteristics, we will be able to manage organizational culture, or in other words, precisely target our own cultures for specific results.

It should be mentioned that on the one hand, organizational characteristics may influence the effectiveness of employees and organizations; but on the other, the characteristics would create barriers to organizational changes, because industry and size issues have worked out and endorse certain types of behavior.

Dickson *et al.* (2000) likewise propose that the nature of the industry influences organizational culture through the constraints it places on the behavior of all persons in the organization, instancing the source of impacts, when discussing what "long-range" means in different industries (p. 461), by saying that two years would be a very long time for the computer industry, while 20 years in the same industry is much too far in the future to plan with any degree of certainty. This notion suggests that the differences deriving from the nature of the industry involved may be very essential.

We designed the types of organizational culture on the basis of the given information. Despite the high variation of organizational culture dimensions (see, for example, van der Post *et al*., 1997), the literature does not abound with typologies (Ashkanasy *et al*., 2000; Trice, Beyer, 1993). It could be explained by the following view: "The emic approach attempts to uncover what is unique about each culture, and so largely eliminates possibilities for generalizing empirical findings to other circumstances" (Trice, Beyer, 1993, p. 42). This notion creates a cautious attitude towards the idea of types. We chose not to be cautious about it, after all, because: "Nonetheless, typing is advocated primarily because it provides a global description for organizational members of what the culture of the organization is like" (Ashkanasy *et al*., 2000, p. 138). According to the types, we can draw some managerial implications.

First, organizations from the public, production, entertainment and transportation sectors have to explain more issues than were captured on the task orientation scale if they want to balance the task and relationship orientations. Many HR strategies can be used for influencing organizational culture. For example, one possibility for achieving employee commitment to new values is through their communication as a 'philosophy' of business which embraces a new way of viewing, treating and managing the employees, or by creating the visibility of managers in work environment, etc.

Second, the growth of an organization, indeed, requires that more activities should be addressed towards task and relationship orientations, because larger organizations tend to have a weaker organizational culture, while small ones have a strong balanced organizational culture. De Geus (1997) argues that large, long-lived companies tend to be very cohesive and have definite "personas" (i.e. strong cultures), so that their employees feel to be part of one entity despite their organization's size. Our results show something else.

Third, in the context of organizational change, task-orientation could influence people's attitudes by establishing clear goals and developing values, which could help the achievement of these goals at all levels of the organization. But achieving employee participation in the beginning is not enough; ensuring that the change process would not reverse and building more effective relationships between peers are also necessary (Landau, 1998). Relationship-orientation could influence people's attitudes toward change through informal structures and communication (Salancik, Pfeffer, 1978). In the context of this survey the authors see organizational culture from a functional perspective as an adaptation mechanism which helps an organization to adapt and survive in a changing environment.

Limitations

Organizations seldom have the same composition as our sample. It is naturally a limitation to our study that we were not able to measure all possible characteristics influencing organizational culture. Obviously, the variation within organizations is higher than these results have revealed. We have to be very careful in applying the findings to organizations' everyday life. Accordingly, it leads to the importance of studying different organizational characteristics (size, industry sector) in order to get a deeper understanding of Estonian organizations.

Finally, we are aware that the number of organizations from some sectors was too small and needs additional investigation. This study confirms that there could be regularities in the manifestation of organizational culture with respect to an organization's size and industry.

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KOKKUVÕTE

Tegevusvaldkonna ja suuruse mõju organisatsioonikultuurile: organisatsioonikultuuri tüpiseerimise alus

Maaja Vadi, Ruth Alas

Organisatsioonid koosnevad erinevatest inimestest ja neid luuakse erinevatel eesmärkidel, mille tulemusena võib öelda, et organisatsiooni karakteristikud võivad olla väga mitmekesised. Selles valguses võib organisatsioonidevahelisi erinevusi iseloomustada organisatsioonikultuuriga, sest organisatsioonikultuur väljendab koosluse eripära. Organisatsioonikultuuri iseloomustavad ülesande- ja suhteorientatsioon (Vadi *et al.*, 2002) ning need moodustavad käeoleva uurimuse raamistiku. Vaatluse alla võetakse, kuidas organisatsiooni suurus ja tegevusvaldkond on seotud organisatsioonikultuuri orientatsioonide avaldumisega ning kuivõrd nende seoste ilmnemisel võib välja tuua seaduspärasusi, mis on väljendatavad organisatsioonikultuuri tüüpidena.

Empiirilises uurimuses võetakse vaatluse alla 58 organisatsiooni rohkem kui 2000 vastaja arvamused ning selgub, et ülesande- ja suhteorientatsiooni kombinatsioonide madal ja kõrge ilmnemise määr võimaldavad esitada organisatsioonikultuuri tüübid. Väiksemates organisatsioonides, pankades ning müügi- ja telekommunikatsiooniga tegelevates organisatsioonides on kõrge ülesande- ja suhteorientatsioon ehk tugev tasakaalustatud organisatsioonikultuuri tüüp. Suuremates ning meelelahutusega tegelevates organisatsioonides ilmneb vastupidine tendents ja see seostub nõrga kultuuriga. Organisatsioonikultuuri tüüpide määramine võimaldab kujundada soovitusi selleks, kuidas organisatsioonikultuuri suunata.

II PART. MANIFESTATIONS

2.1. INTERCONNECTIONS OF EMOTIONAL INTELLIGENCE AND ORGANIZATIONAL CULTURE: BASED ON THE EXAMPLE OF TWO BUSINESS SECTORS IN ESTONIA

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Introduction

EI has basically been explored for general research settings (Matthews, Zeidner, Roberts, 2004), but lately EI investigations have shifted to organizational studies as well, evoking a number of opportunities for interdisciplinary application. The study of the EI – OC relationships is a complicated and challenging research area that forms a link between the outcomes of individual behavior and organizational characteristics.

An analysis of different EI approaches shows the rationality to distinguish between two main orientations in the EI concept: intra- and interpersonal (Tolmats, 2004). So EI could be defined as a set of intra- and interpersonal competences, the intrapersonal competences concentrating on those abilities and skills that help a person to explain, understand, use and handle his/her emotions, and the interpersonal competences of EI helping a person to relate to other people in an effective manner and regard emotionally demanding situations constructively (Weisinger, 1998; Dulewicz, Higgs, 1999; Mayer, Caruso, Salovey, 2000; Bar-On, 2000; Mayer, Caruso, 2002; Goleman, Boyatzis, McGee, 2003; Dulewicz, Higgs, Slaski, 2003; Caruso, Salovey, 2004). EI influences people's regular behavior; however, in the current article EI is explored in workplace settings in order to explain human behavior in organizations.

Schein (1997, p. 12) defines OC as a pattern of basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore is taught to new members as the correct way to perceive, think, and feel in relation to those problems. OC happens between people (Knapp, Yu, 1999) – it forms as a result of interaction between an individual and an organization (Schein, 1997). OC as a social phenomenon cannot exist without people and the features like subjectivity, irrationality and emotionality could be used to describe the concept.

As OC is considered to be an emotional phenomenon (e.g., Trice, Beyer, 1993; Griseri, 1998), it brings forward the importance of EI in the organization, because in the context of OC the attention may focus on broader patterns of feelings or on emotions in a more restricted nature (for example, involving self-control and the reduction of pressure through socialization and symbols) (Alvesson, 2002). The aim of the current article is to find the interconnections of EI competences and types of OC in two business sectors in Estonia. While the relationships refer to possible mutual influences of the concepts, the main focus in the current article is directed to the impact of EI on OC.

Theoretical background

Emotions are important in workplace settings and they have an impact on individual behavior. They also influence the relations between organizational members and the latter's relations with stakeholders. Emotions influence work-related cognitive and emotional processes, which in turn affect social behavior, task accomplishment, and performance (Matthews *et al.*, 2004). Emotions give impact to instructions and give knowledge about actions and concerns (Feldman, 1999). Caruso and Salovey (2004) argue that emotions are required to allow individuals to make good decisions, take optimal actions to solve conflicts, cope with change and success in the organization. Wise use of emotional knowledge at the workplace is an advantage to successful task performance.

Emotional self-awareness is claimed to be a helpful attribute for tuning on the job performance, and those employees who are high in self-awareness are able to monitor themselves and watch themselves in action (Matthews *et al.*, 2004). Emotional self-awareness is considered to be the building block for developing high EI in organizational settings (e.g. Weisinger, 1998; Goleman, 2001; Caruso, Salovey, 2004). Caruso and Salovey (2004) suggest that the ability to manage emotions gives one the opportunity to see things from a different perspective, to enhance creative thinking, to make more effective decisions, and to behave in a more adaptive manner. In the occupational environment, self-regulation involves depressing personal needs and feelings and control impulses in the service of organizational needs (Matthews *et al.*, 2004) and is considered to be an important skill and ability in order to solve problems and conflicts (Weisinger, 1998). The identification and management of one's own emotions are crucial EI competences in the workplace environment.

The ability to empathize with others in the workplace is important when the problems to be solved require acceptance of conflicting opinions; empathy constitutes the basis for mutual trust and acceptance, which is crucial, for example, in initiating radical changes in an organization (Matthews *et al.*, 2004). Goleman *et al.* (2003) claim that an empathic employee could tune on many emotional signals, listen carefully and understand different points of view. Furthermore, Weisinger (1998) affirms that the importance of communication skills to EI is crucial, and their value in the workplace is enormous. Communicating effectively with others means having emotional flexibility, dealing with difficult topics directly, listening actively, and sharing information (Matthews *et al.*, 2004). The emotional background of communication is crucial in workplace settings in order to create effective and friendly relationships between people.

The study of OC has been approached from a number of aspects (e.g., dimensions, orientations, levels, and types of OC). In the current perspective, OC types are investigated. The Competing Values Framework launched by Quinn and Rohrbaugh (1983) enables the researcher to study OC on the basis of shared values. Organizations are placed into the framework formed by two dimensions (see Figure 1) – flexibility vs. stability and internal vs. external focus (*Ibid.*).

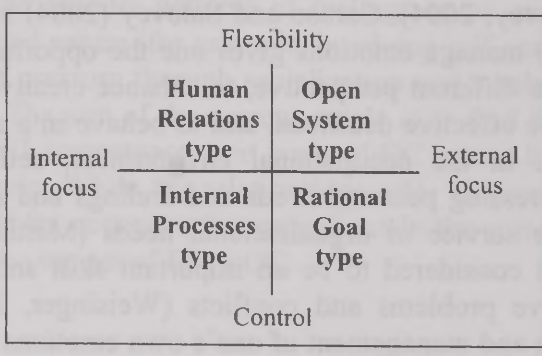

Figure 1. The Competing Values Framework (Quinn, Rohrbaugh, 1983).

Four types of OC can be distinguished: Human Relations, Open System, Rational Goal and Internal Processes types of OC (Quinn, Rohrbaugh, 1983). The Human Relations type of OC is characterized by flexibility and internal focus. High cohesion, morale, trust, and belongingness serve as means to achieve human resource development (Quinn, Rohrbaugh, 1983; Kalliath, Bluedorn, Gillespie, 1999). The Open System type of OC values adaptability, change of capacity and orientation towards customers (Brown, Dodd, 1998). Organizations where this kind of OC is dominating take risks and favor creativity (van Muijen, Koopman, 1994). The main target for this OC type is growth, resource acquisition and external support (Quinn, Rohrbaugh, 1983). The Rational Goal type of OC favors planning and goal setting to achieve productivity and efficiency as ends. The last one – the Internal Processes type aims to achieve stability and control (*Ibid.*), consolidation and continuity (Lamond, 2003) that could be attained by formalized communication and a centralized decision-making process (Howard, 1998).

The impact of OC on individual behavior has long been acknowledged. However, EI research is only now helping to explain the link between cultural norms and how people feel about what is required of them in their jobs. (Diggins, Kandola, 2004) Organizational members have the opportunity to develop themselves by understanding that the emotional proposition could shape the OC and the behavior at every level of the organization (Langhorn, 2004). From another perspective, OC could give the guidance and reflect the norms about the appropriate way to handle one's own feelings and those of others in the workplace.

O'Reilly, Chatman and Caldwell (1991) stress that organizations' cultures are similar when the organizations belong to relatively homogeneous industries. Padaki (2000), Chatman and Jehn (1994) have also accentuated the importance of the business sector in the OC formation process. While companies operating in a certain business sector or industry employ people with particular professions, then the importance of EI could differ according to occupations. Though the studies on the topic of EI in the occupational environment are limited, it is agreed that EI has a crucial importance in occupational settings (Matthews *et al.*, 2004).

Organizations differ in terms of OC and one source of these variations is the national cultural environment where organizations perform. Hermalin (2001) confirms this by claiming that the organizational differences which national or regional cultural differences induce could appear to be the consequence of differences in OC. While OC is claimed to be influenced by international settings and national cultural contexts (e.g. Mead, 1994; Matsumoto, 1996; Hofstede, 2001), EI is considered to be both scant and contradictory in this topic (Matthews *et al.*, 2004). In Goleman's conceptualization, there is clearly an implicit assumption that citizens of diverse cultural origins can possess EI in equal measure. Supporting this proposition, Bar-On claims that there are no significant differences in EI between various ethnic groups. (*Ibid.*)

It is obvious that emotions and the abilities of employees to handle own emotions and those of others influence the way people behave in organizations, thus impacting OC. Likewise, OC has an impact on the way how employees should deal with emotional issues by means of shared norms, attitudes, behavioral patterns and values. In addition to the possible mutual connection, both concepts are affected by the business involved and the national cultural environment, which makes the research area even more challenging.

Methodology and sample

In the current research two instruments were applied in order to measure the EI of employees and OC. A questionnaire with 46 statements was compiled (*Emotional Intelligence Test in Organization: EITO*, developed by E. Tolmats), focusing on four subscales of EI: identification of own emotions, managing own emotions, empathy and emotional background of communication. Each subscale of EI is measured by 10 assertions in the questionnaire. The last 6 additional assertions consider the issues how emotions influence working activities and will not be investigated in the current article. The respondents were asked to evaluate the assertions on the semantic differential scale by which '0' indicates a low EI competence and '6' shows a high specific EI competence.

In order to measure OC, the *Competing Values Questionnaire* (*CVQ*, developed by A. Reino) consisting of 53 assertions was compiled. Its four scales measure four types of OC, namely, Human Relations, Open System, Rational Goal and Internal Processes types. The respondents were asked to evaluate each assertion in the CVQ by giving estimation '1' if they absolutely disagreed and '10' if they absolutely agreed with the assertion.

EITO and *CVQ* were first prepared in Estonian and then translated into Russian by two independent bilingual translators and then again two other independent bilingual translators translated the Russian version back into Estonian. The translations were then compared with the original Estonian version in order to remove any cultural ambiguities.

An oblique rotation method of principal axis factoring for items with promax rotation was performed for the EITO and CVQ instruments. Factor analysis was a suitable method for finding the most representative items for each subscale (see Barlett test of sphericity and Kaiser-Meyer-Olkin measure of sampling adequacy in Table 1).

A total variance explained for the factor solution is sufficient for both factor solutions. The number of factors extracted was chosen according to *a priori hypothesis*: it is assumed that four subscales represent EI and four represent OC. The loadings for the item over 0.40 was selected in order to be sufficient for representing each subscale. As a result of factor analysis, four subscales of EI (identification of own emotions, managing own emotions, empathy and emotional background of communication) were formed and four subscales representing OC (Human Relations, Open System, Rational Goal, Internal Processes) were constructed. Appendix 1 and 2 show the items and factor loadings of the promax-rotated four-factor solution for a set of items across all respondents for both instruments. Reliabilities of the subscales of EI and OC measures are sufficient[1] in the framework of the current research (see Cronbach Alphas in Table 1).

Table 1. Conditions and parameters of factor analysis for EITO and CVQ

Conditions and parameters of factor analysis	EITO	CVQ
Sample size[2]	565	714
No of items	40	53
No of factors extracted	4	4
Barlett test of sphericity	p = 0.000	p = 0.000
Kaiser-Meyer-Olkin measure of sampling adequacy[3]	0.88	0.87
Total variance explained	42.50	43.52
No of items in the factor	Factor 1: 5 items Factor 2: 6 items Factor 3: 6 items Factor 4: 4 items	Factor1: 10 items Factor 2: 6 items Factor 3: 5 items Factor 4: 4 items
Cronbach Alphas for extracted factors	Factor 1: 0.76 Factor 2: 0.79 Factor 3: 0.78 Factor 4: 0.69	Factor 1: 0.84 Factor 2: 0.76 Factor 3: 0.77 Factor 4: 0.78

[1] Usually 0.7 and above is acceptable (Hair *et al.*, 1998).
[2] Factor analysis is executed for the larger samples in the frame of a broader research.
[3] Usually KMO over 0.80 is considered to be of very good adequacy for using factor analysis (Hair *et al.*, 1998).

Altogether 240[4] employees (61 men and 174 women; 5 participants did not indicate their gender) working in the energy industry ($n = 92$) and the retail-trading sector ($n = 148$) participated in the survey during February-March of the year 2005.

The average age of the participants was 41.8 years ($SD = 11.33$). The occupational groups were divided as follows: 46 senior and middle managers, 50 specialists, and 130 workers (14 missing values). According to their ethnic affiliation, almost all the respondents involved in the energy sector belonged to the Russian-speaking minority, while in the retail-trading sector, 84% of the respondents were Estonians and 16% of respondents were Russian-speaking.

In order to find the differences between the groups, one-way ANOVA was applied. The differences in the mean values are important at the significance level $p \leq 0.05$. Correlations between EI and OC analysis were performed, using the values of Pearson's Correlation Coefficients on the condition that $\rho \geq |0.20|$ at the significance level $p \leq 0.05$.

Results

For the background to the main results of the EI-OC interconnections, the mean values of OC types and EI subscales were compounded and an ANOVA analysis implemented (see Tables 2 and 3) in order to find the differences between the various groups of respondents. In the context of the current study, the differences between two sectors (energetics and retail trading) were found.

In both sectors the dominating type of OC is the Rational Goal type and this result differs in two business sectors: employees in trading scored higher than in the energy sector. There are also differences in the perception of non-dominating OC types.

[4] Cases with missing values were excluded from further analysis.

Table 2. Mean values of OC types in two sectors and results of the ANOVA-analysis

OC types*	Energetics		Trading		Results of ANOVA
	M	SD	M	SD	
Human Relations	6.81	1.68	5.87	1.86	F(1,208) = 12.96; p = 0.00
Open System	7.27	1.67	7.10	1.95	N/S
Rational Goal	8.61	1.17	9.08	0.87	F(1,221) = 11.66; p = 0.00
Internal Processes	7.90	1.41	8.54	1.33	F(1,215) = 10.95; p = 0.00

Notes: * OC estimations are given on a scale from 1 (the lowest rate) to 10 (the highest rate); M – mean values, SD – standard deviation, N/S – not significant differences

Table 3. Mean values of EI subscales in two sectors and the results of the ANOVA-analysis

EI subscales*	Energetics		Trading		Results of ANOVA
	M	SD	M	SD	
Identification of own emotions	4.50	0.95	4.42	0.88	N/S
Managing of own emotions	4.82	0.90	4.56	0.80	F(1,219) = 4.39; p = 0.04
Empathy	4.37	0.92	4.34	0.81	N/S
Emotional background of communication	3.11	1.38	3.19	1.09	N/S

Notes: * EI estimations are given on a scale from 0 (the lowest rate) to 6 (the highest rate); M – mean values, SD – standard deviation, N/S – not significant differences

Employees working in the energy sector perceive their companies' OC to have more features of the Human Relations type compared to the perception of employees involved in the trading sector. The results could be interpreted by an additional detail concerning the ethnic composition of the sample. Namely, previous research results on OC have pointed out that the Russian-speaking minority tends to be more relationship-oriented than Estonians (Vadi, 2002). The current results concerning higher estimations on the Human Relations type of OC given by the employees of the energy sector are not surprising as almost all the respondents operating in this sector were Russian-speaking. Slightly surprising was the result that employees operating in the trading sector gave higher estimates to the Internal Process OC type than their counterparts in the energy sector because the latter sector is practically more regulated and requires standardization of processes. While OC is a matter of perceptions, then obviously employees of the energy sector take regulations as a part of their day-to-day activities and perceive this as a less dominant feature than in organizations where strict regulations are not so common. No statistically significant differences were revealed between the two sectors concerning the Open Systems OC type.

Concerning the differences on EI subscales in the two sectors, the respondents involved in the trading sector gave lower estimates to the subscale of managing own emotions than those respondents who operate in the energy sector. Probably the employees involved in the retail-trading sector are more demanding to themselves with respect to the competence of managing own emotions; this subscale of EI is very important because of frequent contacts with customers. The results point to possible peculiarities in the self-perception of employees employed in different sectors and following different occupations.

In order to find the connections between EI and OC in general terms it was investigated how the respondents with a high and low level of EI perceive OC. Herein EI is the central feature for analysis and the sector-based discrepancy is not considered. The overall average level of the respondents' EI was 4.27 ($n = 204$, $SD = 0.73$). For further analysis, the EI level (as well as scales and subscales of EI) are considered high if the estimations are above the mean value and low if the estimations are below the mean value. In

Figure 2, OC estimations (see the mean values for OC types in Table 4) are represented and given by two groups of respondents: with a high and low level of EI (respectively n = 103 and n = 101).

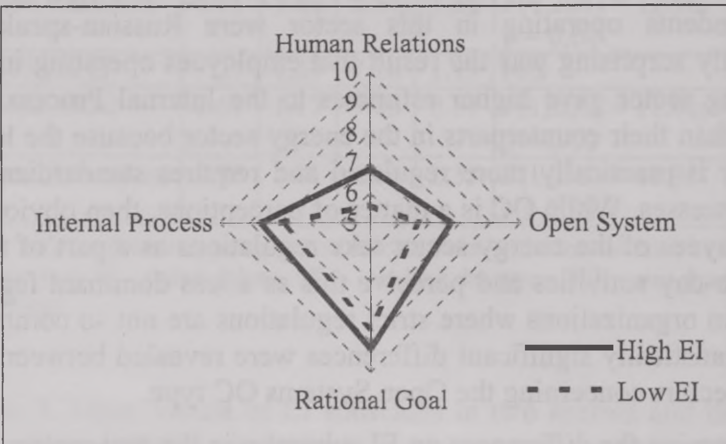

Figure 2. Low and high EI respondents' estimations to OC types.

From Figure 2 it is obvious that respondents with lower EI gave lower estimates to all OC types and those with higher EI gave higher estimates to OC types. In order to find the differences in the estimations to OC types between the two groups of respondents with respect to their EI level, ANOVA-analysis was applied (see the results in Table 4). Differences occur in all OC types.

Connections between EI and OC computed separately for two sectors are represented in Table 5. According to the results of the correlation analysis, it is possible to conclude that generally EI and its three subscales (identification of own emotions, management of own emotions and empathy) are positively related to three types of OC, namely, the Human Relations, Open Systems and Rational Goal types. No connection was revealed between the EI subscale of the emotional background of communication and OC types. The Internal Process type of OC is related to EI subscales, but the connections are random and differ in the two sectors: for example, in the energy sector the subscale of managing own emotions and in the trading sector the subscale of identification of own emotions are related to the Internal Process type of EI. With respect to differences between connections in the two sectors, empathy is positively related to the Rational Goal type of OC in the trading sector and no correlations with empathy occur in the energy sector. These differences in the results of the correlation analysis could be partly explained by the variations in estimations in both concepts (see Tables 2 and 3).

Table 4. Statistically significant differences in the estimations of OC types made by respondents with a high and low level of EI

Type of OC	F-statistic and significance level	Groups of respondents	Mean values for OC types*
Human Relations	F(1,182) = 21.81 p = 0.00	High EI Low EI	6.78 5.57
Open System	F(1,188) = 16.82 p = 0.00	High EI Low EI	7.69 6.63
Rational Goal	F(1,191) = 29.34 p = 0.00	High EI Low EI	9.24 8.53
Internal Processes	F(1,186) = 12.52 p = 0.00	High EI Low EI	8.64 7.95

Notes: * OC estimations are given on a scale from 1 (the lowest rate) to 10 (the highest rate)

Next the interconnections between two concepts will be discussed in the light of the preceding research results supporting the outcomes of the present study.

Table 5. Correlations between EI subscales and OC types

EI, EI subscales	OC types							
	Human Relations		Open System		Rational Goal		Internal Process	
	Energetics	Trading	Energetics	Trading	Energetics	Trading	Energetics	Trading
EI	r = 0.50 p = 0.00	r = 0.36 p = 0.00	r = 0.46 p = 0.00	r = 0.36 p = 0.00	r = 0.28 p = 0.02	r = 0.40 p = 0.00	r = 0.20 p = 0.11*	r = 0.25 p = 0.00
Identification of own emotions	r = 0.27 p = 0.03	r = 0.28 p = 0.00	r = 0.27 p = 0.02	r = 0.30 p = 0.00	r = 0.33 p = 0.00	r = 0.43 p = 0.00	r = 0.23 p = 0.06*	r = 0.26 p = 0.00
Managing of own emotions	r = 0.45 p = 0.00	r = 0.38 p = 0.00	r = 0.45 p = 0.00	r = 0.35 p = 0.00	r = 0.25 p = 0.03	r = 0.35 p = 0.00	r = 0.24 p = 0.05	r = 0.19 p = 0.03*
Empathy	r = 0.33 p = 0.01	r = 0.28 p = 0.00	r = 0.27 p = 0.02	r = 0.34 p = 0.00	r = 0.13 p = 0.27*	r = 0.26 p = 0.00	r = 0.11 p = 0.38*	r = 0.19 p = 0.03*
Emotional background of communication	r = 0.07 p = 0.55*	r = 0.11 p = 0.21*	r = 0.15 p = 0.22*	r = 0.08 p = 0.36*	r = 0.06 p = 0.59*	r = 0.04 p = 0.65*	r = –0.07 p = 0.58*	r = 0.02 p = 0.85*

Notes: r – Pearson Correlation Coefficient; gray area shows statistically significant correlations; * not statistically significant correlations or too low r

Conclusions and discussion

The results of the analysis show that respondents with a higher EI level gave higher estimates to OC than respondents with lower EI. As it is possible to develop EI (e.g. Goleman, 1997; Dulewicz, Higgs, 1999; Watkin, 2000; Diggins, Kandola, 2004), it could be considered as one of the tools for OC development. Cherniss (2000) brings out a number of different areas related to training and development of EI: management, communication and empathy training programs, programs to teach how to handle conflicts, stress management and self-management training.

There are differences how people perceive OC and evaluate their EI in the two analyzed business sectors. According to the results of the study, EI is positively related to OC (in the current study generally to the Human Relations, Open System and Rational Goal types of OC), which brings forward the assumption that by increasing employees' EI it is possible to develop the OC of the company.

The Human Relations type of OC is positively related to EI and its subscales. In an organization whose OC is oriented to Human Relations, leadership and morale are in the focus (Dastmalchian, Lee, Ng, 2000). Leadership in general involves a leader-follower relationship that is characterized by a sense of mutual trust and emotional connectedness and the emotional component of this relationship has an influence on moral behavior (Tourigny, Dougan, 2004). The research results of Carmeli (2003) show that emotionally intelligent senior managers display a higher level of altruistic behavior that indicates higher ethical convictions. EI is considered to be one of the most important competences or abilities of leaders (e.g. Feldman, 1999; Goleman *et al.*, 2002; Caruso, Salovey, 2004). EI could be considered as an important competence of employees in organizations where concern for people and teamwork are valued.

The Open System type of OC promotes innovation, development, dynamics, creativity, and readiness to change (Parker, Bradley, 2000; Dastmalchian *et al.*, 2000). Emotional elements underlie the dynamics of many aspects of modern organizations, such as change management, creativity, open communication, shared learning, etc. (Bardzil, Slaski, 2003). Innovation activities are both cognitive and emotional: the development and implementation of ideas need such emotional competences as self-confidence, initiative, consistency and persuasion (Goleman, 2001). For example, empathic employees are considered to be more apt to come along with changes (Matthews *et al.*, 2004). High EI of employees could be beneficial in developing the Open System type of OC.

The Rational Goal type of OC concentrates on achieving productivity, efficiency (Quinn, Rohrbaugh, 1983; Parker, Bradley, 2000), and high performance. A great deal of previous research has concentrated on finding out about the relationship between EI and job-related performance of employees and managers. For example, Bachman, Stein, Cambell and Sitarenios (2000) investigated EI of accountants, finding that higher EI leads to higher performance at work. Day and Carrol (2004) found that emotional perception was correlated with performance on a cognitive decision-making task. Watkin (2000) even claims that EI is the most important factor for superior performance at every organizational level. Furthermore, Slaski and Cartwright (2002) found that management performance and EI have a significant positive relationship. According to Langhorn's (2004) research results, emotional self-awareness, interpersonal relationships, social responsibility and optimism are related to the performance of general managers. The research results presented in the current article support the preliminary research results pointing to a positive connection of EI and the Rational Goal type of OC.

No substantial connections between EI and its subscales and the Internal Processes type of OC were found. The Internal Process type of OC could be characterized by formalization and structure, procedures and formality (Dastmalchian *et al.*, 2000). Probably the reason behind this was stated by Van Muijen and Koopman (1994) who emphasized that in the light of environmental change it is no longer sufficient to be only task-oriented, seeing a shift from standardization of work processes towards more informal networks. Harrison (1995) notes that there seem to be increasing pressures from the members of modern industrial organizations to move towards relationship orientation. A great deal of research is directed to investigations of modern organizations and organizations with the Internal Processes type of OC are becoming of less interest. Still in some industries and sectors the Internal Process type of OC could be represented as a dominant culture. Future empirical studies with a wider sample composition according to industry should be conducted before drawing final conclusions about the relationships between the current type of OC and EI.

One rather surprising result was that the EI subscale of emotional background of communication is not related to OC types. As communication is an important mediator of OC, it is difficult to explain the rationale behind this result.

Roots (2003) demonstrated in his study that private organizations of Estonia are moving towards achievement-oriented management culture. Another research on leadership orientations revealed that Estonian managers have in general more concern for task than people (Andrén, Andersson *et al.*, 1994). This result supports the results of the current study showing that the Rational Goal type of OC is the dominant OC in Estonian organizations. As research on the topic of employees' EI and emotionality in Estonian companies is either absent or extremely limited, no comparative data could be contrasted to the results of the current survey.

There are several limitations to the study that opens opportunities for further research. Firstly, a larger sample size with companies operating in different business sectors could give a better understanding of the interconnections of EI and OC. Secondly, it is necessary to examine how the social-demographic characteristics (e.g., gender, age, position, ethnicity) could influence the interconnections between the two aspects. Thirdly, the current article revealed the need to explore the mutuality of relationships by investigating how different OCs could influence the EI of employees.

Nevertheless, the OC framework with various levels of sophistication could be used for understanding management and organization. Alvesson (2002) stresses that intuition and creativity are very important resources in deciphering and analyzing culture. The approach of this article to OC issues has an innovative and unique angle: from the perspective of EI. It will open new opportunities to discover the tools for organizational management and development in theory and practice. Hopefully, the current empirical investigation serves to open the agenda for further research.

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KOKKUVÕTE

Emotsionaalse intelligentsuse ja organisatsioonikultuuri vahelised seosed kahe Eesti ärisektori näitel

Elina Tolmats, Anne Reino

Tänapäevases organisatsiooni juhtimises leiab emotsionaalse intelligentsuse (edaspidi EI) mõiste üha rohkem kõlapinda, kuid selle kontseptsiooni seost teiste juhtimisvaldkondadega on vähe uuritud. Üheks valdkonnaks, kus EI organisatsiooni tasandile mõju avaldab, on organisatsioonikultuur (edaspidi OK). OK on oma loomult emotsionaalne nähtus, mis tõstab esile EI käsitlemise olulisuse. Käesoleva artikli eesmärgiks on selgitada välja EI ja OK vahelised seosed kahe Eesti ärisektori ettevõttes.

Organisatsiooni töötajate EI-d mõõdeti EITO (Emotsionaalse Intelligentsuse Test Organisatsioonis) küsimustikuga, mis koosneb oma emotsioonide identifitseerimise ja juhtimise, empaatia ja suhtlemise emotsionaalse fooni alaskaaladest. OK-d mõõdeti Konkureerivate Väärtuste Küsimustikuga, mis annab teavet nelja OK tüübi kohta (Inimsuhete, Avatud süsteemi, Sisemiste protsesside ja Tulemustele orienteeritud tüübid). Vastajate EI mõju OK hinnangutele leiti ANOVA-analüüsiga ning kahe nähtuse vahelised seosed toodi esile korrelatsioonanalüüsiga. Uurimuses osales 240 töötajat kahest (energeetika ja kaubanduse) sektorist.

Uurimustulemustest selgus, et kõrgema EI-ga vastajad andsid OK-le kõrgemaid hinnanguid ning madalama EI-ga – madalamaid hinnanguid. Selgus, et EI ja selle alaskaalad on positiivselt seotud Inimsuhete, Avatud süsteemi ja Tulemustele orienteeritud OK tüüpidega. Esines vähem seoseid EI ja Sisemiste protsesside OK tüübiga. Varem teostatud uurimused kinnitavad käesoleva uuringu tulemusi. Tegemist on innovaatilise lähenemisega organisatsiooni juhtimise ja arendamisele.

Appendix 1. Items and factor loadings of the Emotional Intelligence Test in organization

Items	**Factors**			
	1	**2**	**3**	**4**
At work I understand the reasons behind my feelings	**0.42**	–0.01	0.17	0.12
I understand how my feelings vary/shift within work-related changes	**0.68**	–0.07	0.04	0.09
At work I understand when my mood changes	**0.63**	–0.10	0.11	–0.05
At work I identify my feelings when they arise	**0.70**	0.02	–0.04	–0.01
At work I distinguish my feelings	**0.60**	0.20	–0.05	–0.06
At work I can manage my feelings	0.11	**0.49**	0.20	–0.20
At work I can enhance my mood	–0.13	**0.64**	0.18	0.05
I avoid the harmful influence of negative feelings on my work	0.16	**0.44**	0.11	–0.11
At work I am optimistically disposed	0.03	**0.66**	–0.16	0.14
I maintain the positive attitude despite failures at work	–0.18	**0.61**	0.15	0.00
I am able to keep a good mood at work	0.08	**0.81**	–0.20	0.06
I am able to put myself in the colleague's shoes	0.00	0.15	**0.57**	–0.13
I understand the reasons behind the feelings of my colleagues	–0.02	–0.01	**0.64**	0.02
I am able to perceive what my colleague feels	–0.03	–0.08	**0.80**	–0.02
I notice the feelings of colleagues	0.15	0.05	**0.55**	0.04
I notice true feelings of colleagues	0.11	0.07	**0.42**	0.18
I detect the undeclared feelings of my colleagues	0.24	–0.10	**0.46**	0.05
At work I talk frankly about my feelings	–0.08	0.07	0.04	**0.66**
At work I develop informal relationships with colleagues	0.10	–0.03	–0.10	**0.54**
My colleagues know how I feel	–0.16	0.01	0.17	**0.64**
At work I admit my feelings	0.19	0.04	–0.08	**0.56**

Notes: n = 565; the items are approximately rendered from Estonian in to English

Appendix 2. Items and factor loadings of the Competing Values Questionnaire

Items	Factors			
	1	**2**	**3**	**4**
Continuous training of employees takes place in our organization	**0.44**	0.27	–0.21	–0.01
Members of our organization are helpful to one another	**0.68**	–0.04	0.01	0.06
Members of our organizations are proud of belonging to the organization	**0.62**	0.04	–0.04	0.12
The most important asset of our organization is committed organizational members	**0.49**	0.05	–0.11	0.17
Members of our organization take part in joint events with pleasure	**0.49**	0.05	0.03	0.07
Members of our organization communicate also after working hours	**0.49**	0.02	–0.06	–0.14
Management has trusting and confidential relationships with organizational members	**0.69**	–0.06	0.03	0.13
Our organization is like a big family	**0.75**	0.02	0.01	0.06
Members of our organizations talk with pleasure about their private issues	**0.69**	–0.16	0.20	–0.14
Common (collective) results are taken into account in compensation in our organization	**0.54**	0.01	0.30	–0.08
Relationships of subordination are clearly fixed in our organization	0.28	**0.47**	–0.02	–0.10
There are lots of written rules in our organization	–0.06	**0.70**	–0.02	–0.09
The organization insists (requires) that the employees should know and follow the rules	–0.07	**0.78**	0.01	–0.02
In our organization job descriptions are detailed	0.01	**0.64**	0.01	0.08
The compensation system of our organization is based on the positions	0.19	**0.50**	0.01	–0.15

Appendix 2 continued

Items	Factors			
	1	2	3	4
In our organization a strict reporting system is applied	–0.20	**0.52**	0.20	0.09
The aim of our organization is to be substantially better than its competitors	0.15	0.14	**0.60**	–0.02
Cost saving is emphasized in our organization	–0.13	0.22	**0.32**	0.20
The aim of our organization is to gain a possibly bigger market share	–0.06	–0.03	**0.79**	0.10
Our organization always tries to outpace its competitors	–0.02	0.15	**0.69**	–0.01
The aim of our organization is profit maximization	0.07	–0.19	**0.68**	–0.02
The management of our organization has a positive attitude towards the initiatives of organizational members	0.39	0.02	–0.16	**0.48**
Our organization is open to experiments	–0.01	–0.03	0.07	**0.68**
The management of our organization always attempts to find innovative solutions	0.07	0.02	0.06	**0.70**
Members of our organization love to try new things	–0.02	–0.12	0.04	**0.72**

Notes: n = 714; the items are approximately rendered from Estonian in to English

2.2. RELATIONSHIPS BETWEEN ORGANIZATIONAL CULTURE AND PERFORMANCE IN ESTONIAN SCHOOLS WITH REGARD TO THEIR SIZE AND LOCATION

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Introduction

A good education is highly valued in society. The process of education begins in an institution of general education and its efficiency largely contributes to the success in the learner's further periods of life. There have been many problems with the administration of Estonian schools lately. On the one hand, teachers are not content with their salary, increasing workload, shortage of teaching aids, etc. (Tohver, 2004; Kivine, 2004; Jõemaa, 2004). On the other hand, they are required to be highly professional and committed in order to teach pupils better so that they would show better results at the national examinations. The ranking of schools based on the results of national examinations and public discussions on which school is better and which is worse, increases the tension even more. School administrators are therefore in a complicated position and it is difficult to find a way out.

There are numerous factors that affect school performance. Some of them can be influenced by school principals, some of them cannot. For instance, school administration has little to say in matters like the size and location specifics of a school but these factors have nevertheless an important role in school performance. But there are also mechanisms that are manageable. One of these mechanisms is organizational culture (OC) that researchers have found influences both employees' behavior and work results (e.g. performance).

The aim of the article is to explore the relationships between the OC estimations and actual school performance vis-à-vis the size and location of Estonian secondary schools. If the two are interdependent, then the school administration can also seek to influence its OC, besides other areas, in order to manage their organization better and show higher performance.

Firstly, the principles of measuring the performance of schools are presented. Next, the article gives an overview of OC and how it affects the performance of schools, after which the effects of the size and location of schools on their performance are discussed. In the empirical part connections between the OC task and relationship orientations estimations and performance (in the given study, the results of the national examinations of secondary schools) are analyzed. The size and location of schools is thereby considered. In the discussion part some suggestions are made on how to improve the performance of schools by managing OC.

Measurement of school performance

There are numerous criteria for measuring the performance of secondary schools. When we look at the school performance criteria brought out by different studies, we can divide them roughly into three groups (see Appendix 1 as well):

1. Pupils' success (incl. academic performance and non-academic skills);
2. The contribution, satisfaction and cooperation of the stakeholders of the school;
3. The importance of school environment.

It is rarely that publications bring forth just one type of criteria for measuring performance (as e.g., Goldstein (2001) has applied the public examinations results). Usually several aspects are considered to be important (e.g., Mulford, Kendall, Kendall, 2004; Anderson, MacDonald, Sinnemann, 2004; Griffith, 2004; Visscher, Coe, 2003; Bosker, Scheerens, 2000), which often include criteria concerning the pupils' academic performance (examinations results, etc.) and then other criteria. Griffith (2003) argues that different performance criteria receive different attention in schools. Some schools lay emphasis mainly on their pupils' academic performance, while some other schools consider it important to maintain the satisfaction of the school personnel, good interpersonal relations, and good cooperation with parents and society in general. Griffith (2003) proposes that all the criteria should be equally considered; and if a school has paid little attention to some area, this should be changed in order to make the school's work more efficient.

In the empirical part of this article, analyzing the relationships between OC and performance, the mean results of the national examinations are used as the performance criterion for schools because in most previous studies this has been the central criterion for measuring the performance of schools. This is also a rather objective and easily available method for comparing schools with one another. The public interest and ongoing discussions around the national examinations results of schools are the reason why this method is applied herein as well.

The effects of organizational culture, school size and location on the performance of secondary schools

Organizational culture and its effects on the performance of an organization

OC is considered to be an important factor that influences the performance of an organization, and the relationships between the performance and OC have often been analyzed in the past decades. In 1986–2004 a total of 144 publications on this topic could be found in the database of ABI/INFORM (Desphande, Farley, 2004). Gordon and DiTomaso (1992) have said that while before the 1990s the discussion on the above mentioned topic was largely theoretical (for example, by Wilkins and Ouchi; Deal and Kennedy; Peters and Watermann; Schein), later on also empirical studies have proved the connection between OC and performance.

Over the last decades, many researchers (e.g., E. H. Schein, L. Smircich, T. Peters and R. Waterman, T. Deal and A. Kennedy, J. Kotter and J. Heskett) have made attempts to define OC and explain its essence. Although they have not succeeded in formulating a satisfactory general conception, all the abovementioned scientists state that OC is a set of generally accepted principles, values and behaviors within an organization. Many researches have shown that OC has an impact on job satisfaction, job efficiency, employee commitment and cooperation, decision-making etc. (Langan-Fox, Tan, 1997; O'Reilly, Chatman, Caldwell, 1991).

Measuring OC to find its relationships with performance, the opposition between strong and weak OC is widely spread. For example, Gordon *et al*. (1992) and Lim (1995) have found that the stronger the OC, the better the performance of the organization. In addition to that, OC is often divided into several types (e.g., Deshpande *et al*., 2004; Ogbonna, Harris, 2000) and to what extent a specific type of OC contributes and supports performance is discussed. Besides that, various characteristics of OC are brought out (Denison, Mishra, 1995) and different OC elements are also distinguished between (Onken, 1999). All the aforementioned authors have found relationships between OC and performance in empirical studies.

Size and location effects on school performance

The size and location of a school are important factors for its performance. Not all schools have equal opportunities for teaching pupils. There can be numerous reasons for that and the issues of size and location will be discussed in the following section.

The size of the school is mostly measured by the number of pupils enrolled in it (e.g., Barnett *et al.*, 2002; Bradley, Taylor, 1998). There are numerous studies that have proved that its size has an impact on the performance of a school (e.g., Driscoll, Halcoussis, Svorny, 2003; Borland, Howsen, 2003; Barnett, *et al.*, 2002; Bradley, Taylor, 1998, Eberts, Schwarts, 1990; Mok, Flynn, 1986).

The results of empirical studies mostly show that in larger schools the pupils' performance is better (e.g., Driscoll *et al.*, 2003, Barnett *et al.*, 2002; Bradley *et al.*, 1998; Mok *et al.*, 1986). For example, Bradley *et al.* (1998) found that in schools with the number of pupils under 799 the examinations results were, for example, between 29.4 and 36.6, whereas in schools with the number of pupils exceeding 800 the examinations results were between 41.7 and 44.8. All the aforementioned authors used examinations results for measuring their pupils' performance.

However, Eberts *et al.* (1990) in their study additionally used other performance indicators (for example, student, teacher and leadership characteristics), and their results show that smaller schools perform better than larger ones. This evidence, in the authors' opinion, indicates that the role of the size of a school in its performance can depend on what factors are considered when measuring performance. When the examinations results are measured, then larger schools have an advantage and when additionally other criteria are considered, then smaller schools also have a chance to show good results. Bradley *et al.* (1998) confirm this approach by saying: "Benefits of smaller school may include, for instance, the development of personal and social skills, and greater awareness of each person's responsibility to fellow human beings, rather than focusing blindly on developing skills to pass exams."

Borland *et al.* (2003) additionally indicate that there can be an optimum level of pupils in a school (they have found that 760 is the optimum), because too small is not beneficial but too large has disadvantages, too. Some of the advantages and disadvantages of large schools presented in the pertaining literature are summarized in Table 1.

Table 1. Advantages and disadvantages of large school

Advantages	Disadvantages
More effective in recruitment of teachers	Fewer opportunities for developing student leadership
Greater specialization among teachers	Interaction between pupils and teachers may suffer
More effective in the offering of diverse and comprehensive curricula	Less attention to personal and social skills of pupils
Greater specialization among curriculum subjects	Less attention to pupils with special needs
Fewer administrative tasks for teachers	Problems with school discipline
Additional resources for teaching	Higher dropout rates
Less teacher turnover	A less improved school climate

Sources: Borland *et al.* (2003); Barnett *et al.* (2002); Bradley *et al.* (1998); Eberts *et al.* (1990); Mok *et al.* (1986)

Indeed, the optimal number of pupils is not universal for all the environments because the local traditions may have various impacts. For example, Bush, Moffatt and Dunn (2002) present the results of in-depths interviews and conclude that local history, experience, local knowledge and everyday existence play an important role when people construe their understanding of surroundings. In general, Trice and Beyer (1993) refer to the local trends among others as a source of new ideologies in the organizational environment and consequently, the location factor would be relevant for such a specific cultural field as education and its performance measurement because it opens one aspect of an organizational culture on the one hand; and on the other hand, the school's size and location are very often interrelated. Thus, this is a complicated aspect which may form factors influencing the school's performance.

Fewer publications are available about location effects on school performance. Therefore it is difficult to compile a sufficient summary about this subject. But there is still some relevant evidence. Young (1998) discusses that there are controversial outcomes about the location effect on pupils' performance in previous research, but his results show that in rural schools the performance is lower than in urban schools. He believes that the reason for that lies in pupils' social and economic backgrounds – the results are significantly better for pupils from more affluent homes compared with students of poorer families. Bradley *et al.* (1998) also have an opinion that parents with a higher education, better income and more interest in their children's education, etc. have better-performing children.

In the context of this article, we relate some size effects to the location of a school as well. For example, in rural areas schools have fewer opportunities for both effective recruitment of teachers, and specialization among teachers (teachers in rural area schools may have to teach a wider range of subjects across the curriculum). Also there can be fewer opportunities to offer diverse and comprehensive curricula. But despite these problems the schools in rural areas are often an integral part of the local community (*Ibid.*) and therefore we cannot underestimate the role of such schools in society.

The school's administration has few possibilities to influence the size and location specifics of schools. The problems with in-sufficiently qualified teachers, pupils and their socio-economic background, etc. are mostly out of the school administration's control. The latter can only try to cope with these problems as best they can. OC, however, is a phenomenon that can be influenced. Therefore these three fields related to school performance (OC, size and location of schools) are analyzed together in the following empirical part of the article.

Method

Sample

In order to find connections between OC and performance, a sample was compiled from secondary schools of Estonia, assuring that schools with various sizes and locations were presented in the sample. The elite schools and schools in Tallinn were not included.

In 2002/2003 there were 241 secondary schools in Estonia; 160 of them were municipal- or state-owned schools where the language of instruction was Estonian (Mägi, 2004). An empirical study among these schools was carried out by A. Aidla in January and February 2003. In the study participated 28 secondary schools from 12 out of 15 counties of Estonia. Therefore, the sample represents 17.5% of the school population. On the whole, 398 individuals agreed to participate in the study.

The information about gender and position of participants is presented in Table 2.

Table 2. Sample characteristics (%)

Gender	Male	14
	Female	83
	Not answered	3
Position	Administration	10
	Teachers	64
	Support personnel	8
	Not answered	18

The participants ranged from ages 20 to 70. The average age was 41 (standard deviation (further referred to as SD) was 15.05).

Measurement of organizational culture

The OC estimations for secondary schools were measured with the method worked out by M. Vadi. The questionnaire consists of 43 statements. The respondents were asked to indicate their attitude towards the items on a 10–point scale ranging from "completely disagree" (1 point) to "completely agree" (10 points). On the basis of factor analysis, two factors were identified that were called the task and relationship orientations (Vadi *et al.*, 2002). Both the task and the relationship factor consisted of 8 features.

Task orientation reflects to what extent all members are willing to support their organization. The representative statements in this orientation are, for example: in our organization "people are proud of their organization", "positive changes constantly take place", "people are rewarded for their good work", and "people's well-being is important". Relationship orientation indicates belongingness. The characteristic statements are, for example: in our organization "people know one another", "all important matters are discussed with each other", "people help each other in job-related situations" and "in tough situations there is a strong feeling of togetherness". (*Ibid.*) With respect to the given method, it is possible to establish what the dominating OC orientation of the organization is and also how content the organizational members are with certain aspects of the organization.

The reliabilities of OC orientation scales in our sample were also measured, the results being 0.78 in task orientation and 0.77 in relationship orientation. In social sciences the accepted value of reliability exceeds 0.7 (Ogbonna *et al.*, 2000). Thus, the reliability of OC orientations in our sample is acceptable.

Measurement of performance

In order to measure secondary school performance, the results of the national examinations of secondary schools within the last five years (2000–2004) were used. The results are presented on the homepage of the National Examinations and Qualification Centre (NEQC) (Homepage of ...). The exam results in mathematics, English, composition and history were considered as the basis of comparison. These subjects were chosen in the first place because they are those that students most frequently choose to take the national examinations in (*Ibid.*), and secondly because the results in these subjects are often considered as a criteria when selecting students for university places in Estonia.

On the NEQC homepage the schools are divided into three major groups depending on their location, namely, schools in cities (in Estonian *suurlinn*), in county towns (in Estonian *maakonnakeskus*), and in rural municipalities (in Estonian *vald*) and small towns (in Estonian *väikelinn*).

For measuring the size of the school, the number of its pupils was used. A large school has over 800 pupils and a small school less than 800 pupils (firstly, because the average number of pupils in a school is around 800 in our sample and secondly, because in previous studies this rate has been used for distinguishing between smaller and larger schools (e.g., Borland *et al.*, 2003; Bradley *et al.*, 1998; Eberts *et al.*, 1990)[1]. The data about the number of pupils in a secondary school was found form the Database of Estonian schools on the Internet (Database of …). In order to find the connections between performance and OC orientation estimations correlation analysis, the t-test and ANOVA method were used. The acceptable significance level chosen was 0.05. In data analysis the statistical data processing package SPSS 10.0 was used.

Results

Organizational culture and performance in different types of schools

Firstly, the OC orientations estimations for the 28 participating secondary schools were calculated. The estimations ranged from 5.3 to 7.9 on the task orientation scale, the average estimation among schools being 6.7 (SD = 0.6). The relationship orientation estimations ranged from 5.8 to 8.5, the average estimation among schools being 7.0 (SD = 0.6). We can see that in the relationship orientation, estimations are higher (the difference is statistically significant ($t = -2.8$, $p = 0.008$)).

Secondly, the correlation between OC estimations and performance of schools was found. This relationship was not statistically significant (in task orientation, $r = 0.29$, $p = 0.12$ and in relationship orientation, $r = 0.20$, $p = 0.17$). Therefore, we also tested the impact of other variables like size and location of schools in order to explore the connections between OC and school performance.

Compared to city and county town schools, the results in national examinations in rural municipality and small town schools are on average mostly lower. For example, the national examinations re-

[1] In 2002/2003 there were 150916 pupils in secondary schools in Estonia (Report of…). The average of pupils in a school is therefore 626 (150916 divided with 241).

sults within the last five years in the four subjects calculated for this study showed the following results: on average 58.6 points in cities, on average 58.2 points in county towns and on average 52.4 points in rural municipalities and small towns. As the results of the first two groups do not differ significantly, but in rural municipalities and small towns the results are statistically significantly lower ($p = 0.014$), two groups were formed in our sample on the basis of the location of secondary schools: firstly, city and county town schools (32 percent in our sample) and, secondly, rural municipality and small town schools (68 percent in our sample).

Comparison of the national examinations results with respect to the size of schools showed that in larger schools the public examination results are statistically significantly higher (on average 58.9 points) than in smaller schools (on average 53.2 points) ($p = 0.003$). In our sample, 68 percent were smaller schools and 32 percent larger schools.

In the light of the notion that size and location are interrelated, the distribution of participated secondary schools with respect to location and size was found and is presented in Table 3.

Table 3. Distribution of secondary schools with respect to location and size in our sample (%)

Location	Secondary school size	
	Large school	Small school
City or county town	77.8	22.2
Rural municipality or small town	10.5	89.5

We can see that in our sample larger schools are more likely situated in a city or in a county town (77.8 percent of cases), while smaller schools are more likely to be found in rural municipalities or small towns (89.5 percent of cases). Therefore the results about the relationships between OC and performance vis-à-vis the size and location of schools could turn out to be somewhat similar.

Relationships between organizational culture and performance vis-à-vis the location and size of schools

In order to find how the participating secondary schools are positioned with respect to their location, size and performance, Table 4 was drawn, according to which from among all the city and county town schools five have performed better than average in their group and four have performed worse than average in their group. Among rural municipality and small town schools these numbers are 13 and six, respectively. Of all the large schools, five have performed better than average in their group and four have performed worse than average in their group. Among smaller schools, these numbers are nine and ten, respectively.

Table 4. Distribution of secondary schools with respect to their location, size and performance

Location and size of a secondary school	Performance*	
	Above average	Below average
City or county town	5	4
Rural municipality or small town	13	6
Large school	5	4
Small school	9	10

Notes: * performance compared to the group the school belongs to

The results of our correlation analysis are presented in Table 5. The relationship between the OC task orientation estimations and performance in city and county town schools is significant ($r = 0.81$), whereas in rural municipality and small town schools this correlation ($r = 0.16$) is not significant. A statistically significant correlation also appears to be between the relationship orientation estimations of OC and performance of city and county town schools ($r = 0.51$), but, in rural municipality and small town schools no statistically significant relationship occurs.

Table 5. Correlations between OC orientations and school performance (with respect to the location and size of schools)

Performance with respect to the location and size of the school	OC orientations	
	OC1[1]	OC2[2]
City or county town	0.81**	0.51*
Rural municipality or small town	0.16	0.32
Large school	0.85**	0.62*
Small school	0.04	0.11

Notes: ** correlation is significant at the 0.01 level, * correlation is significant at the 0.05 level
OC1[1] – task orientation, OC2[2] – relationship orientation

The analysis based on school size showed that the performance and both OC orientations are correlated in larger schools. In smaller schools, however, no statistically significant relationship between the performance and OC orientations was found.

The ANOVA method also gives the result that the performance of city and county town schools and larger schools is related to estimations on OC orientations (see Table 6). To be more precise, the performance differs in this type of schools, depending on whether the estimations on task or relationship orientations in a school are above or below the average. In schools where OC estimations are higher, the performance is higher, too. For example, in city and county town schools, which have higher estimations on task orientation, the performance is on average 61.1; with lower estimations on task orientation the performance is on average 53.6 (the difference is statistically significant, $p = 0.00$).

As for relationship orientations, then these differences are smaller (as also the correlation analysis showed) because with higher estimations on relationship orientation the performance is 59.3 and with lower estimations the performance is 56.5 (the difference is statistically significant, $p = 0.04$). ANOVA did not identify any statistically significant differences between OC orientations and performance in rural municipality and small town schools.

Table 6. ANOVA results about the performance of different types of schools vis-à-vis their OC estimations

Type of the school	Performance with respect to OC estimations					
	OC1[1] estimations			OC2[2] estimations		
	High	Low	Sig.	High	Low	Sig.
City or county town	61.1	53.6	p = 0.00	59.3	56.5	p = 0.04
Rural municipality or small town	53.7	53.6	p = 0.96	53.5	53.7	p = 0.92
Large school	60.7	55.5	p = 0.00	61.4	57.7	p = 0.04
Small school	53.4	53.0	p = 0.89	52.6	53.6	p = 0.64

Notes: OC1[1] – task orientation, OC2[2] – relationship orientation, sig.– significance

To sum up this part of the analysis, we can say that OC and performance are related in the case of city or county town schools and larger schools. In rural municipality or small town and smaller schools, OC and performance are not statistically significantly related. This also proves the idea that the results with respect to the location and size of schools are quite similar because the location and size of schools are strongly interrelated in our sample.

Discussion

The results of our empirical study showed that in Estonian secondary schools OC and performance are related, depending on the location and size of a particular school (see Figure 1). The performance of larger schools and city or county town schools, is related to their OC task orientation. In secondary schools whose personnel, for example, feels that people are proud of their organization, the employees are rewarded for their good work, positive changes take place constantly, the well-being of organizational members is important, etc., the performance is higher and vice versa.

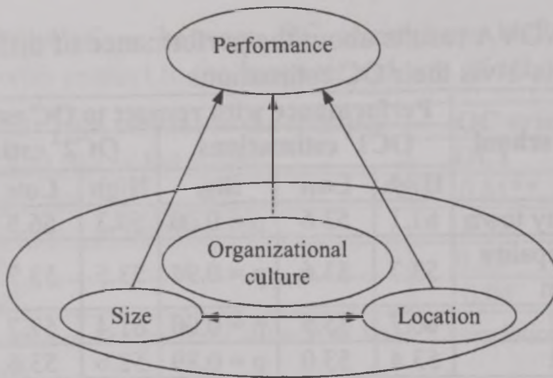

Figure 1. Relationships between OC and performance with respect to the location and size of a school.

The correlation between relationship orientation and performance is also significant, and therefore in schools where the employees perceive that all important matters are discussed with others, people help each other with job-related problems, in tough situations there is a strong feeling of togetherness, etc., the performance is higher and vice versa. In a larger school it is difficult for people to effectively communicate with one another and regard all individuals but when they succeed, then it can give an advantage in performance issues.

In smaller schools and schools in rural municipalities or small towns no significant relationship between OC orientations and performance was found. This implies that in these secondary schools the average results of the national examinations do not depend on the OC estimations of school members. In smaller schools and in rural municipality or small town schools the OC can be very strong and supportive of performance, but there are other factors that influence the performance more. In the following part we will discuss some of them. As stated in the theoretical part, some of the reasons are more size-caused, some are more location-caused, while some can coincide along both criteria.

1. The shortage of qualified teachers. It is often the case in Estonia that some of necessary teaching positions in schools are not filled at all, or the work is done by teachers of other subjects (for example the teacher of history gives lessons in mathematics) (see, for example, Kivine, 2004). In rural municipalities or in small towns there is a small probability that there are many candidates to one position like often is the case in a larger city and therefore the school administration has fewer opportunities to choose proper candidates. This also affects the possibilities for specialization among teachers.
2. Many successful pupils living in a small town try to go to study into a city of county town school because they think that there are more opportunities to get a proper education (Kreizberg, 2005).
3. Sometimes in Estonia the social background or economic situation of pupils in country areas does not support learning. Pupils' opportunities and motivation etc. are especially relevant for school performance (e.g., Bradley, Taylor, 1998; Eberts, Schwartz, 1990) because if the pupils cannot or do not want to learn, then the qualified teachers and supporting OC will not help much.

These problems are relevant here because in our research the examinations results were used for measuring performance. If also other performance criteria were taken into account, then smaller schools could have more advantages compared to larger schools.

The research still proved that in certain circumstances the OC and performance of Estonian secondary schools are related. Therefore, in order to improve the performance of schools, the following aspects should be taken into account:

- If one has an intention to achieve better results in the national examinations, then, in addition to teaching pupils, it is relevant to improve the OC. Our research showed that not only direct work obligations but also the environment around them is important for school personnel.

- The task orientation showed more impact than relationship orientation towards the national examinations results. Research showed that employees need for example more recognition, encouragement, freedom of activity and acceptance. Therefore school administration should take into account that the school personnel could value highly also other motivators besides wage. The school specifics in Estonia (prescribed wage floors) determine that, as a rule, there are not many opportunities to pay more for better work. Therefore other motivators should be more actively applied to encourage employees (e.g., teachers) to work better.
- The school administration should take into account that the personnel of schools are more satisfied with interpersonal relationships than with task and management practices in an organization (average estimations of relationship orientation are higher than those of task orientation). This proves again that the latter area needs additional attention.
- The relationship issues – helping each other, discussing important matters, etc. are also very important when the aim is higher performance.
- Changes in an organization (in particular those concerned about OC) need to be conducted thoughtfully and carefully. OC is a phenomenon that is relatively steady and whose changing, influencing, etc. needs time and persistence. Previous research shows that only 10–32 percent of planned OC changes succeed (Smith, 2003) because not all organizational members agree to the changes.
- Since not only school management and personnel play a role in shaping OC (Peterson *et al.*, 1998), there is a need for pupils and parents to contribute as well.

There study has some limitations that must be taken into consideration. One is the fact that the number of participating schools is relatively small. The other limitation is that the article mainly analyzes how OC influences performance, but it can well be that performance influences also OC.

In the current article the national examinations results were applied for measuring secondary schools' performance. In future research other performance criteria (pupils' non-academic skills; contribution, satisfaction and cooperation by school stakeholders; school environment) are going to be used.

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KOKKUVÕTE

Organisatsioonikultuuri ja tulemuslikkuse vahelised seosed Eesti koolides sõltuvalt kooli suurusest ja asukohast

Anne Aidla, Maaja Vadi

Organisatsioonikultuur (edaspidi OK) väljendab kuivõrd organisatsiooni liikmed teineteist ning organisatsiooni eesmärke ja juhtkonna tegevust toetavad. Varasemad uurimused näitavad, et OK-st sõltuvad olulisel määral nii töötajate käitumine kui ka töötulemused. Käesoleva artikli eesmärgiks oli määrata kindlaks Eesti keskkoolide töötajate OK-i hinnangute ja kooli tulemuslikkuse vahelised seosed. Empiiriline uurimus (n = 398) viidi A. Aidla poolt läbi 2003. aasta alguses. Osalesid nii juhtkond, õpetajad kui ka lihttöölised 28-st keskkoolist või gümnaasiumist. Esindatud oli kaksteist Eesti maakonda viieteistkümnest. OK hinnangute mõõtmiseks kasutati M. Vadi poolt koostatud OK-orientatsioonide mõõtmise metoodikat, mis eristab OK ülesande ja suhete orientatsioonid (Vadi, Allik, Realo, 2002). Koolide tulemuslikkusse aluseks võeti keskkoolide ja gümnaasiumide keskmised riigieksamitulemused nelja aine (matemaatika, ajalugu, kirjand ja inglise keel) lõikes viie aasta jooksul (2000–2004). OK-orientatsioonidele antud hinnangute ja tulemuslikkuse vaheliste seoste leidmiseks kasutati korrelatsioonanalüüsi ja ANOVA meetodit. Olulisuse nivooks võeti 0,05. Eraldi analüüs viidi läbi koolide asukoha ja suuruse alusel.

Empiirilise uurimuse tulemused näitasid, et OK-i orientatsioonidele antud hinnangute ja tulemuslikkuse (antud juhul riigieksamitulemuste) vahel on teatud tingimustel statistiliselt oluline seos. Seega, kui koolides soovitakse riigieksamitel paremaid tulemusi saada, siis on lisaks õpilaste õpetamisele kasulik ka OK suunamise ja mõjutamisega tegeleda.

Appendix 1. Criteria's for measuring performance

Pupils' success	The contribution, satisfaction and cooperation of school stakeholders	School environment
pupils' overall development (e.g., interpersonal and public speaking skills, cooperation, tolerance, etc)	well-coordinated communication between the management, teachers, pupils and parents	spirit and traditions of the school
pupils' success in further stages of study (e.g., in an secondary school, institution of higher education)	participation of school personnel in decision-making	secure learning environment
pupils' results in national examinations	participation of parents in school life	
pupils' results in final examinations	successful management	
pupil's marks for in-school examinations	training opportunities for teachers	
few dropouts	extracurricular activities (activity clubs, etc.)	
few school year retakers	job satisfaction of school personnel (inc. teachers)	

Sources: Graddy, Stevens, 2005; Anderson, MacDonald, Sinnemann, 2004; Griffith, 2004; Mulford, Kendall, Kendall, 2004; Smith, Laimer, 2004; Driscoll, Halcousiss, Svorny, 2003; Griffith, 2003; Visscher, Coe, 2003; Barnett *et al.*, 2002; Pors, 2001; Goldstein, 2001; Pashiardis, 2000; Baumert, Koller, 2000; Bosker, Scheerens, 2000; Louden, Wildy, 1999; Bradley, Taylor, 1998; Peterson, Deal, 1998; Young, 1998.

2.3. CHARISMATIC ASPECT OF TRANSFORMATIONAL LEADERSHIP AND ITS ROLE IN CREATING ORGANIZATIONAL CULTURE

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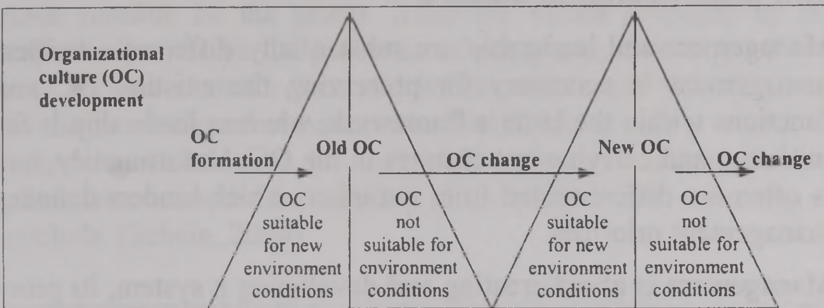
Introduction

Human resources have become the determining asset in organizational development, and thus employees' skilled deployment has become increasingly important. Contemporary organizational leadership approaches pay most attention to influencing people through ideas, examples and actions. If a manager has ideas and a vision about an organization's future, then s/he might become an acknowledged and competent leader. Charisma has an important role in a manager's power, and power has several meanings in organizational culture (henceforth referred to as OC).

At present more attention is paid to leadership than management, but many managers still regard management to be the only way to achieve the results as they are already familiar with it and have achieved success through it. In reality, managers have to start uniting their managerial position with their leader's status and vice versa. In other words, the classical pragmatic manager has to turn his/her attention to the leadership paradigms, and the charismatic leader has to deal with the strategic and tactical issues of an organization. Managers have to develop themselves and raise the quality of management and their competence in their field of business.



Focus of the manager's activity	Leader-ship	Management	Leadership	Management	Leadership
Aim of the manager's activity	Formation of OC	Maintain new OC, act accord-ing to new OC	Change of OC	Maintain new OC, act accord-ing to new OC	Change of OC

Figure 1. The relationship between management/leadership and organizational culture.

It is impossible to regard leadership and organizational culture as separate entities. In order to achieve success, a contemporary manager has to understand that by using various leadership techniques s/he is creating organizational culture, while the already existing organizational culture is influencing his/her actions, determining the principles for becoming a leader in the organization. If an organization develops in stable conditions, then management takes place within the framework of the above OC (see Figure 1); however, changed conditions will require corresponding changes in the OC and managers have to be able to demonstrate their leadership qualities (Schein, 2004). Thus, management, leadership and OC influence one another mutually.

Discussion

Relationship between management/leadership and organizational culture

Management and leadership are substantially different activities: management is necessary for preserving the existing OC and functions within the latter's framework, whereas leadership is for initiating and carrying out changes in the OC. Unfortunately, one is often not differentiated from the other, which hinders defining management priorities.

Management is about creating and developing a system, its processes and principles in order to achieve certain aims. Leadership, on the other hand, is a dynamic managerial activity that takes place in the framework of an influence relationship between a leader and his/her followers, the aim of which is a joint, efficient and work-oriented activity which relies on motivation, influence and persuasion and is carried out through communication. Leadership and management are different phenomena, but they are both important and necessary for an organization. Management focuses its main attention to technology, products and employees as a resource. The aim of leadership, however, is to make changes in order to achieve shared purposes (Rost, 1993).

OC has many different definitions. The present paper is based on the definition proposed by E. Schein (2004):

> *"... A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems."*

The top layer of OC is its artificial environment (see Figure 2). This is the part of OC that is visible, audible and tangible to all;

however, not everyone understands it the same way. Everyone can easily observe the artificial environment, but at the same time it is very difficult to decipher. The second layer comprises values, which are based on the convictions proposed by the leader and made suitable for the group. When the values proposed by the leader help to solve the problems of the group, then they will in time become shared values and beliefs and in the end will form the basis of shared assumptions. The latter act as a cognitive defence mechanism on the individual and group levels, both of which aim towards the stability and clarity of the meaning of symbols. (Schein, 2004)

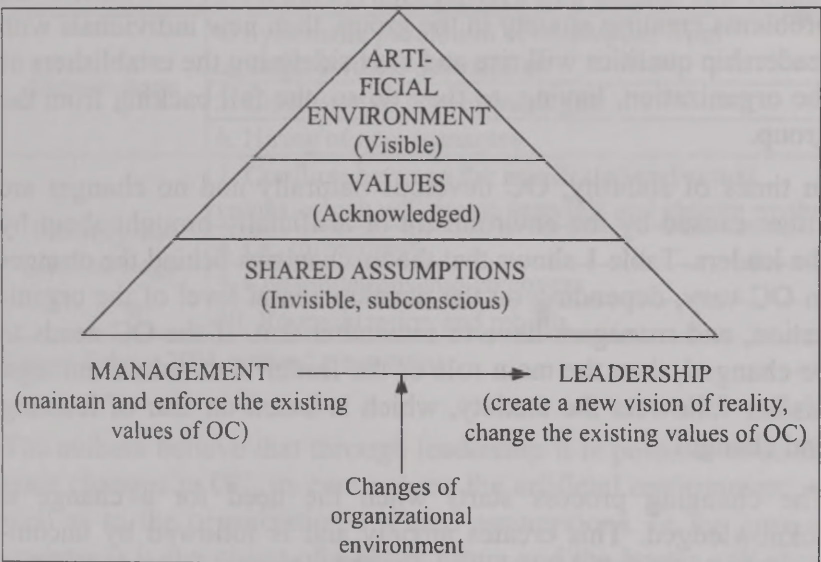


Figure 2. Levels of OC and their relationship with leadership and management (Authors' interpretation based on Schein 2004).

Changing OC through changing shared assumptions is complicated, time-consuming and stressful for the members of an organization, and the leaders have to take this into consideration.

From Figures 1 and 2 we can see that leaders create and change OC through reacting to the changes in the organizational environment. Managers, on the other hand, operate during the stable periods of the organization and within the framework of an existing OC that is suitable at the time.

According to Schein (2004), the values and shared assumptions of the managers/leaders who established the organization are also important and influential in the consequent stages of an organization's development, including its maturity stage, as they are present in its OC. The followers and groups desire their leaders to reduce their anxiety through their actions. When the managers/leaders have no ideas and proposals about how to resolve the problems creating anxiety in the group, then new individuals with leadership qualities will rise and start sidelining the establishers of the organization, having, as they do so, the full backing from the group.

In times of stability, OC develops naturally and no changes are either caused by the environment or artificially brought about by the leaders. Table 1 shows that the mechanisms behind the changes in OC vary, depending on the developmental level of the organization, and managers have to remember that. If the OC needs to be changed, then the main role of the leader is to reduce amongst his/her followers the anxiety, which is based on fear of learning and changes.

The changing process starts when the need for a change is acknowledged. This creates anxiety and is followed by uncomfortable feelings linked to studying. This in turn is due to the fear of potential changes to competencies, roles, power and regimentation of groups, and causes opposition and denial of the need for a change. The only way to reduce the level of opposition to change is by reducing the uncomfortable feelings towards studying and by increasing the learner's psychological feeling of security (Schein, 2004). This has to be the main point of focus for the leader when managing changes to OC and directing the changing processes.

Table 1. Change mechanisms of OC during different developmental stages of an organization

Organization's stage of development	**OC change mechanism**
Establishment of an organization	1. Changes resulting from general and specific development and growth
	2. OC insight
	3. Promotion of employees with suitable new values
Growth stage	4. Systematic promotion of employees from amongst suitable subcultures
	5. Utilization of new technologies
	6. Hiring of new managers
Maturity and decline stage	7. Conflicts between the manifested and actual values, which will create scandals and change myths
	8. OC turnaround
	9. Consolidations and takeovers
	10. Reorganization and rebirth

Source: Schein, 2004, authors' presentation

The authors believe that through leadership it is possible to accelerate changes in OC, its core values, the artificial environment, as well as to the organization's shared assumptions. In the core of leadership is the vision of a better future and the leader will show through his/her example and through practical activities the new suitable values for the current environment. A leader's values will be put into practice by the use of examples in everyday working processes, through which, for instance, the work environment is made safer. A manager's behavior is based on his/her values, for example, valuing employees highly, and other members of the organization in turn will take his/her values as a basis of behavior.

Values will change the shared assumptions and this in turn will help bring about changes in the artificial environment, which makes the organization safer for its employees.

In conclusion, we can differentiate between three main points of contact between management, leadership and OC. Firstly, the establishers of an organization will create OC through leadership. Secondly, during the stable stages of organizational development, the existing OC will influence management. Thirdly, due to changes in the environment, or if the existing OC does not develop fast enough and in the right direction, the leaders have to change it.

Relationship between management, leadership and charisma

Theoretical approaches distinguish between transformational leadership and pragmatic management. Pragmatic managers explain to subordinates their roles, and show consideration towards their subordinates, rewarding and punishing them if necessary. They concentrate on the task and try to satisfy the social needs of their subordinates. Transformational leadership is about understanding the wishes and interests of the followers, considering and meeting them according to the followers' achievements. A transformational leader treats followers as complete individuals, raising their enthusiasm and knowledge in the key areas of the group or organization, and finds ways to make his/her followers show interest in the development and profitability of an organization. (Bass, 1985; Shackleton, 1995)

Some researchers consider charismatic and transformational leaderships to be virtually interchangeable (Hooijberg, Choi, 2000). For example, Bryman (1992) and Conger and Kanungo (1987) are convinced that charismatic leadership has drawn traits from all the transformational leadership styles (Bass, Avolio, 1999). Idealized influence, which is one of the transformational leadership styles by Bass, is in essence very similar to charisma. This style is based on the leader's example: the leader exhibits perseverance and persistence in achieving goals, taking responsibility for his/her actions and expressing his/her utmost belief in the vision. The leader sacrifices his/her own interests for the sake of others and shares his/her success with others. The followers like and trust such a leader and try to be more like him/her. (Shackleton, 1995)

The main criticism of Bass' theory is directed towards his approach to defining the phenomenon of charisma. According to Bass, transformational leadership and charisma have important differences. He is convinced that charisma is a necessary, but not the only sufficient component of transformational leadership. As an example, Bass refers to film stars that are charismatic but lack the components of a transformational leader. The followers of a star like this might try to dress like their idol, imitate his/her behaviour, but most probably the followers will not forget about their self-interests and will not follow some overarching mission. Transformational leaders, on the other hand, influence their followers by evoking strong emotions, doing it for important reasons. They try to find ways to empower their followers through developing their independence and self-confidence. In addition to this, they try to find ways to improve individuals, organizations and society as a whole. (Boehnke *et al.*, 2003)

However, some charismatic leaders also try to find ways to keep their followers in "slavery" by maintaining their weaknesses and dependence. They are interested in their followers' personal loyalty rather than that they follow the values and ideals. Whereas Martin Luther King and Mahatma Gandhi used their charisma to improve people and societies, Jim Jones, as the leader of a cult, convinced 900 people to commit suicide.

Conger has defined charismatic leadership as an ability *to make ordinary people do exceptional things* (Shackleton, 1995). Or, as De Vries claims (2002), *the charismatic component knocks people off their feet.* Many authors have discussed the essence of charisma. Is it based on certain personal characteristics, or is dependent on specific situations, or relies on a relationship between the leader and his followers? The majority of authors consider it to be a specific relationship between the leader and his followers. Charisma expresses itself through the influence on one's followers in specific situations, whereas the influence is drawn from the leader's personal characteristics and activities.

House (1977) emphasizes that the relationship between a leader and his followers is very singular and also interactive. The followers believe that the leader's ideas are correct, they concur fully with the leader, are supportive of him, feel emotionally connected to the mission and take it seriously, aim high and believe that they are able to contribute towards fulfilling the mission. This in turn sets certain prerequisites for being a leader (the need for power, self-confidence, conviction of views), behavior (creating an impression, setting an example, setting high expectations, motivation) and suitability of the situation (crisis and stress situations). The above claims have not yet been thoroughly empirically researched, however, they are supported by the majority of existing research (Shackleton, 1995).

Similarly to House, Conger and Kanungo (1998) also emphasise the importance of a suitable situation and good timing. (Shackleton, 1995) The leader has to make his/her vision fit in with the followers' needs and wishes as well as the demands of the organizational environment. Although a crisis situation might well help to bring charisma to the forefront, a crisis is not regarded as an important factor. The leader has to be able to create an illusion of a crisis or to exemplify why the present situation is unsuitable and then be able to create a vision of a desired future towards which his/her followers can aim.

According to Conger and Kanungo (1998), the presence of charisma is dependent on the leader's behavior and how s/he is perceived. Contrary to Weber (1947), they do not regard charisma as something mystical or exceptional that is present only in some singular people. Conger and Kanungo (1998) claim that there is a set of ordinary behavioral patterns that can be learnt and used by many people. The most important of them are: extremity of the vision, high personal risk, use of unconventional strategies, assessment of the situation, follower disenchantment, communication of self-confidence, and use of personal power.

Trice and Beyer (1991) suggest that charisma and transformational leadership should be differentiated between through activity: charismatic leaders create organizations, while transformational leaders change the existing organizations (Shackleton, 1995). There is a connection between this idea and Schein's approach to OC levels and leadership (see Figure 3).

Several authors have attempted to divide charismatic leadership into parts. Charismatic leadership has the following characteristics:

- extremity of the leader's vision (Weber, 1947; Conger, Kanungo, 1998),
- special personal traits of the leader (Weber, 1947),
- crisis situation (Weber, 1947) and its accurate evaluation (Conger, Kanungo, 1998),
- leader's belief in his exceptional abilities (Weber, 1947; Conger, Kanungo, 1998),
- proved functionality of the vision (Friedland, 1964; Trice, Beyer, 1986),
- leader's high personal risk (Conger, Kanungo 1998),
- usage of unconventional strategies (House, 1977; Conger, Kanungo, 1998),
- liberation of the followers from false conceptions (Conger, Kanungo, 1998),
- authority (Conger, Kanungo 1998).

There are various conflicting opinions about charismatic leadership; however, different authors also have similar components in their approaches. These similarities are to a great extent about the similarities between transformational leadership and charismatic leadership.

Relationship between charismatic leadership and organizational culture

If we were to examine charismatic leadership as an important influence only during the establishment stage of an organization, as proposed by Trice and Beyer (1991), and took the above components of charismatic leadership as the basis, we could conditionally claim that there is a relationship between three components and the artificial environment of OC and that the remaining three components have direct links with the value level (see Figure 3).

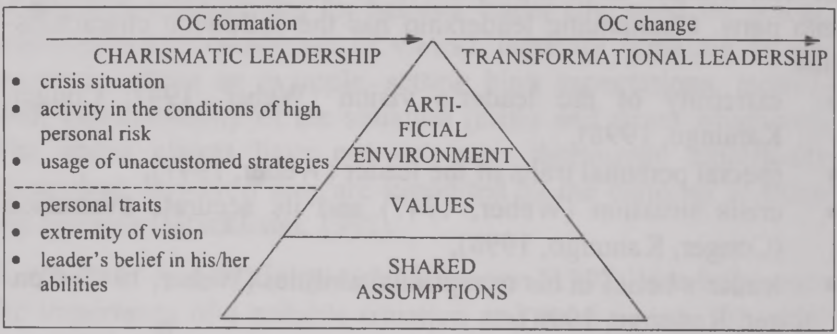


Figure 3. The relationship between OC layers and charismatic and transformational leadership styles.

In crisis situations the leaders create an environment that would harm the members of the organization as little as possible (e.g., increasing work safety of the employees). A leader's high personal risk is closely intertwined with his/her belief in his/her abilities. For example, when an entrepreneur establishes an organization, s/he invests big sums of money, believes in his/her success and tries to convince others to take part in the enterprise. Quite often there is not much money in the beginning for investing in the artificial environment (for example, in the internal design of the office), and thus the artificial environment mirrors that cost savings are valued highly. At the same time, there might be unusual strategies, for example, in the form of innovative technology, which would be mirrored by the artificial environment through the usage of technology.

As the different OC levels are very closely connected, bringing out the specific effects of charismatic leadership components on different levels is very conditional. The authors believe that the leaders have most influence on the value level of OC and through this the artificial environment is designed and changed, and in the long run, through values, shared assumptions are also changed.

It would be possible to examine the relationship of the different components of transformational leadership with the different OC levels; however, if the three main points by Bass about the essence of transformational leadership were taken as the basis of such research, the authors believe it would yield an overly restricted approach. It would be more justified to analyze the suitability of charismatic leadership for Schein's three different organizational life cycles, where the management has different roles to play in influencing OC.

People establishing new companies have to be both good entrepreneurs and charismatic leaders in order to be able to involve others in their business plans. The most important role is played by their ability to create a vision and convey it to others. We have to agree with Trice and Beyer's (1991) point of view that charismatic leadership is very important in the establishing stage of a company as that is when OC is created. After the initial stage, people expect solutions to the problems, and then the leader is also accepted as a manager and a suitable OC is created. In reverse situations, a crisis of trust would occur and the organization might fall apart in its formation stage.

When creating particular OC, the group expects its leader to reduce anxiety and create a homogenous OC (Schein, 2004). In order to be able to reduce the anxiety and fear in the followers and increase their self-confidence, the leader has to have a clear vision and take personal risks. The followers themselves usually grant homogeneity to the OC, as they would not follow their leader's example when his/her solutions to the problems do not work or contradict to the already accepted values.

Table 1 deals with different mechanisms of natural development in OC. If the managers do not like the direction or speed of the development of OC, then they can consciously change it. On the other hand, if the managers find that the OC does not need to be changed, and the environmental conditions do not require a change, then they will operate in the framework of the existing OC. (Schein, 2004)

Out of all the natural development mechanisms, charismatic leadership has the most connection points with the OC insight and it enforces the former mechanism in the formation stage of an organization (see Appendix 1). The analysis mechanism is in essence a development from the OC as a defense mechanism. Analysis enables the leaders to show the strong and the weak points of the OC in order to develop it in the right direction. As a result of the analysis, unsuitable behavioral patterns are discovered, the changing of which is in turn conditioned by uncertainty about the future, and the charismatic leaders are able to and must reduce the uncertainty.

If OC requires conscious changing, then the leaders are able to promote employees who have suitable characteristics. When former colleagues carry out changes to the OC, then, as a rule, it creates less opposition by the employees. Employees might not like changes in their habitual conditions, but they will find solace in the fact that the changes were brought about by at least one of them. Also, a charismatic person is more able to carry out these changes in a more steadfast and speedy manner.

These three natural OC developmental mechanisms function very slowly (see Table 1). In case there are no major changes in the environment of an organization, there is usually no need for radical changes in the OC and the managers would operate within the framework of the existing OC. This in turn determines which managers will be selected and promoted. More often than not, the representatives of such subcultures who are promoted seem to be most necessary for the organization's sustained development.

Charismatic leaders will be promoted in this developmental stage if they are able to speed up developmental dynamics. Charismatic leaders and personal traits connected to them might also prove to be favoured by the OC in which the establishing entrepreneur himself is mainly the charismatic manager. The influence of the establishers is evident not only during the establishing stage, but also in the long run.

The maturity and decline stages (see Appendix 1) are by their very nature critically important to a company, as companies need changes in order to continue competition. A charismatic leader is suitable for enforcing all the natural OC developmental mechanisms that are described in Table 1, but is primarily needed in order to turn around the OC during consolidations, takeovers and reorganizations. In order to carry out a turnaround, there is a need for managers who have a clear vision of what the changed organization looks like. Charismatic leaders are most successful in creating such a picture.

During consolidations and takeovers, clashes between different OCs are inevitable and in these times there is a real need for a charismatic leader with special personal traits, extreme vision and unfamiliar strategies, in order to join together the values and employees of the contradicting OCs. Authority is in these situations an important component of charismatic leadership. In addition to the above, charismatic leaders have in their nature a desire to engage employees and unite their efforts, thus surmounting the natural persistence to changes.

Charismatic leadership is above all necessary and suitable when a company and its OC need radical changes and intensive influence from the leader. Charismatic leadership is mainly important when changing the OC in an organization's establishment or decline stages. During the stable growth stage and at the time before the maturity stage, charismatic leadership is not as important and is most likely favored by the OC only if the establishers of the company were charismatic individuals themselves.

Conclusions: results and their manifestation in business practices

There are three main points of contact between OC and different styles of management and leadership:

- during the establishing stage of an organization, leadership influences the creation process of OC through the establishers,
- in times of stability, OC influences management and ordinary leaders/managers are most suitable,
- due to changes in the environment, or when the OC does not develop naturally or fast enough in the right direction, leaders will start to subconsciously influence it.

There are conflicting opinions regarding the essence of charismatic leadership and its components. Some of the authors believe it to be a management style, while others consider it to be a set of management styles; some regard it as an ability that one is born with, others believe it to be something that one can learn. Despite the differences, by combining the opinions it is possible to bring forth certain components of charisma. Analyzing charismatic leadership within the framework of different OC layers and comparing it to the different OC development mechanisms applying during the developmental stages of an organization, the authors came to the following conclusions:

- charismatic leadership is most suitable and effective during the establishment and the decline stages of a company, influencing the changes to OC and regeneration;
- charismatic leadership is less important in the growth stage, but does help to create OC;
- the time before the maturity stage and the maturity stage itself do not call for charismatic leaders;
- charismatic leaders are capable of speeding up the OC development and change its direction.

A manager also has to become a leader who is able to generate achievable goals and is the first to achieve them. The executive manager Gunnar Okk of Eesti Energia suggests the following in an Estonian newspaper, Postimees (01.02.2002), "*...successful executive management in today's big companies is impossible without managers also becoming actual leaders.*" This viewpoint mirrors the need for changes in the existing OCs and for leaders who would be able to carry out these changes for their employees.

Bill Gates presupposes that managers will incorporate their management abilities with their competencies (Dearlove, 2000). He admits he does not understand what difference is there between a professional and an unprofessional manager: "We are not working in an organization to say ... *I am a professional manager, give me something to manage.* We are here in order to do the job, thus it is impossible to differentiate between professional and unprofessional managers."

There are serious doubts about the practicality of professional and charismatic managers. Recent studies carried out in the USA indicate that in addition to charisma, today's executive managers are also presupposed to have a high level of knowledge in the field that they are managing, a high work capacity and they must pay more attention to personnel evaluations and development. The research results published in *The Harvard Business Review* indicate that charismatic managers have not proved themselves and companies run by them have not achieved success. The research was based on 59 big US companies, and no link was discovered between the charisma of a top manager and the success of a company. Also, changing the managers after short intervals has not proved successful. In the recent years, three times more managers were hired from outside the organization. However, new managers have not proved to be any more successful in managing the companies. (The curse …, 2002)

Regardless of the high expectations of charismatic managers and their high salaries, which should have granted their high motivation levels, management by such people has failed in the USA. Therefore, there is a tendency in the USA to replace charismatic and glamorous managers by the so-called classical managers, even in the entertainment sector. Also, certain new leadership paradigms have been disregarded, including emphasizing the importance of charismatic power and vision. (How to manage …, 2003)

The gap between expectations and reality has lost many leaders their jobs. Research carried out in the summer of 2002 showed that only one forth of Americans trusted the managers of big corporations. Also Jack Welch emphasizes the crisis of trust in management, the main examples of which are the scandals of *Enron, WorldCom, and Tyco*. Management is more complicated during difficult times, as there are fewer options and it is more difficult to hide the errors. The era of the manager as a hero is over, humility is regarded as a virtue, whereas arrogance is condemned. (Tough at …, 2003)

The above examples support the authors' theoretical generalizations that in the growth and the maturity stages of a company there is a need for something other than charismatic leaders. When charismatic leaders are still hired, for example, due to the influence from the establishers of an organization, and by doing this they conflict with the interests to stabilize the OC, then the end result will be inefficient managers who are unable to live up to the expectations. Charismatic managers are more suitable in situations that require radical changes, for example, during the establishment stage of a company and in bringing a company out of its decline stage.

Theoretical approaches also indicate the need to select and promote more internally than externally, mainly because changes introduced by former colleagues will meet with less opposition. In addition to that, people who have worked in the organization for a long time understand the finer nuances of their OC better in order to carry out changes.

Even though the practical examples of the USA from the end of the 20th century indicated that charismatic leaders were not at all successful, they still have a role to play as the creators and changers of OC. Hence it is important to observe the developmental and life cycles of a company and to analyze OC to establish the right types of managers who will meet the organization's needs at the time and who are able to develop OC in a way that would grant sustainable growth of the company.

Transformational and charismatic leadership in Estonian companies has still been little researched. According to one of the research projects carried out by the authors, the followers of transformational managers are more satisfied with the overall work than those managed by pragmatic managers (Türk, Mihhailova, 2004). It was possible to establish a certain management orientation in the majority of the evaluated managers. Comparing the pragmatic and transformational leadership styles, the majority of the managers were, according to two years of research, mainly pragmatic managers; three of them, however, had turned into transformational managers/leaders. The authors believe that changes like this indicate a manager's increased readiness to introduce changes into work practices. The research showed that idealized influence and inspirational motivation were the biggest contributors to work satisfaction.

We believe it to be wrong to set management and leadership against each other and think that a manager's and leader's roles are both necessary prerequisites for organizational success. Successful managers have to keep a balance between their use of different management styles, they have to set an example and use their power skillfully. They have to use their charisma for common goals, and be at the same time pragmatic and transformational managers.

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KOKKUVÕTE

Ümberkujundava juhtimise karismaatiline aspekt ja selle roll organisatsiooni kultuuri kujundamisel

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Eestvedamise (juhtimise) suhestamisel organisatsioonikultuuriga (OK) võib eristada kolme kokkupuutepunkti:

- organisatsiooni loomisel mõjutavad selle asutajad olulisel määral OK kujunemist,
- stabiilsetel aegadel mõjutab OK eestvedamist ning klassikalised juhid on antud kontekstis sobivamad,
- keskkonnamuutuste tingimustes või kui OK ei arene piisavalt kiiresti ja õiges suunas, siis suudavad liidri tüüpi juhid kõige enam OK-d mõjutada.

Karismaatilise eestvedamise ning selle komponentide osas on erinevaid arvamusi. Osade teadlaste arvates on karismaatiline eestvedamine juhtimisstiil, teiste jaoks juhtimisstiilide komplekt, kolmandate jaoks kaasasündinud võime, neljandate arvates aga õpitud oskus. Karismaatilise eestvedamise seostamisel OK erinevate kihtide ja arengumehhanismidega organisatsiooni erinevates elutsüklites, jõudsid autorid järgmistele tulemustele:

- karismaatiline eestvedamine on sobiv ja tõhus ettevõtte rajamisel ja selle langusfaasis, võimaldades oluliselt mõjutada OK muutmist ja uuendamist;
- karismaatiline eestvedamine on vähem oluline ettevõtte kasvufaasis, kuid aitab kaasa OK kujundamisele;
- ettevõtte tegevuse stabiliseerumisel ja küpsusfaasis on karismaatilised juhid vähem tõhusad ning ei leia ettevõttes piisavalt rakendust;
- karismaatilised liidrid on võimelised kiirendama OK arengut ja muutma OK arengusuunda.

Ettevõtte kasvu- ja küpsusfaasis vajatakse enam nn klassikalisi juhte, kes pööravad enam tähelepanu ka OK stabiliseerimisele. Karismaatilised juhid võivad osutuda neis tingimustes ebatõhusateks ning nad ei õigusta neile pandud lootusi. Karismaatilised juhid sobivad pigem radikaalseid muutusi nõudvatesse situatsioonidesse, nagu näiteks ettevõtte rajamine ja selle langusfaasist välja toomine.

Kuigi USA praktilised näited möödunud sajandi lõpus näitasid, et karismaatilised juhid ei õigustanud end, on neil oma kindel roll OK loojate ja muutjatena. Vaja on arvestada ettevõtte arengu ja elutsükliga ning OK-ga, selgitamaks välja sobivat tüüpi juhid, kes vastavad organisatsiooni hetkevajadustele ning kes suudavad arendada OK-d selliselt, et see tagab ettevõtte jätkusuutliku arengu.

Autorite arvates ei tohi vastandada klassikalist juhtimist eestvedamisele ning juhi ja liidri rollid on mõlemad olulised. Edukas juht peab kasutama tasakaalustatult erinevaid juhtimisstiile, olema oma isikuga eeskujuks ja kasutama oskuslikult oma mõjuvõimu. Ta peab rakendama oma karisma ühiste eesmärkide teenistusse ning olema ühelt poolt pragmaatiline ja teiselt poolt ümberkujundav juht.

Appendix 1. The relationship between charismatic leadership and OC layers during an organization's life cycle

		Organization's life cycle phase		
		Establishment of organization	**Growth phase**	**Maturity stage and decline stage**
Essence of the influence relationship between OC, management and leadership		Leadership influences OC	OC influences management	Leadership influences OC
Relationship between charismatic leadership and OC	**Charisma's influence on OC**	Vision, self-confidence, personal risk	Authority and personal characteristics	Personal characteristics, vision, unfamiliar strategies, *etc.*
	Feedback from OC	Functionality of vision	Success of leaders and promotional opportunities	Change in direction and speed of OC development
Bass' management style		Idealized influence and inspirational motivation	Remuneration and individual approach	Transformational management styles

2.4. ORGANIZATIONAL CULTURE AND INDIVIDUAL STRATEGIES

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Introduction

The rise in market competition affects both organizations and individuals, forcing them to take steps that help them to be competitive on the markets they enter. Organizations are building up such type of culture which is effective in pursuing their organizational goals and at the same time "helps their employees understand their role in the organization" (Brown, 1995, p. 197). The studies on organizational culture stress the role of culture in forming a collectivist identity, laying special emphasis on the integrative role of culture, which is considered to be a glue that keeps together an organization (Hatch, 1997) and the way people do things round there (Deal, Kennedy, 1982). One of the main functions of culture is to integrate persons into the organization (Schein, 1999). In order to successfully do it, when hiring employees, organizations consider how they would fit in the existing organizational culture (Drummond, 2001). At the same time, organizations are influenced by the environment in which they operate. In the modern society dominates the ethic of individual self-fulfillment and achievement, and individuals are considered to be the very persons who themselves do their own biographies (Beck, Beck, Gernsheim, 2002). This means that society is moving towards more distinction and differentiation, in sum – towards individualized society where people should be able to organize their own lives more and more (*Ibid.*). In this sense Estonia is not an exception, especially, with regard to young people who consider individual achievement very important (Helemäe, Saar, Vöörmann, 2000; Niit, 2004; Rüütel, Tiit, 2005).

In this light, it has been essential during the last decade for organizational culture studies to expose the importance of subjectivity (Martin, 1992; Goffee, Jones, 2001). To R. Goffee and G. Jones, sociability of a person and the extent of solidarity in social interaction within an organization may form different types of culture (Goffee, Jones, 2001). The emergence of studies of this type is very important for it shows that moving from a hierarchical to a flexible organization, to team- or project-based and task-oriented work evolve and change organizational culture.

Shifts in organizational culture with the emphasis on solidarity and task-orientated activities (Alas, Vadi, 2003; Roots, 2003) as well as changes in employees' behavior with the emphasis on individualization (Pavelson, Karotom, 2005) require a new approach to the analysis of organizational cultures. Organizations and employees are affected by new global trends in work differently, but they are both looking for adjustment of their strategies to ongoing changes. This process, in its turn, causes transformations in structures and shows interdependence between structures and actors. The analyses of organizational culture with regard to individual work strategies may provide better understanding of how to raise efficiency of an organization, reduce job mobility, and increase organizational commitment and job satisfaction of employees.

In the following article the task is to show that today interaction between an organization and an employee is more complex than in the past due to the changes in the work environment and work values. On the one hand, it depends on the growing competition between organizations and changes in work arrangements and job hierarchies. On the other hand, it depends on growing individualization and subjectivization of work accompanied by competition between individuals. The question is whether organizational culture can keep pace with the ongoing changes and benefit from them.

The hypothesis is firstly, that the impact of organizational cultures on the formation of individual strategies is transforming and becoming smaller by comparison with the previous decades and secondly, that organizational cultures benefit from individualization.

The first section of the article introduces a conceptual framework for understanding the relationship between organizational cultures and individual strategies. In the following parts of the article some practices within organizational cultures and individual strategies are analyzed empirically. The qualitative research was conducted to identify the meaning of good work and job on the basis of in-depth interviews and work histories.

Organizational culture

Growing globalization and ongoing changes in technologies and communication have caused changes in the organizational paradigm, and today the central concern of a successful organization is its workers and processes (de Vries, 2002). Organizational cultures are shaped by each particular organization's tasks (Schein, 1999). To some degree, everybody belonging to a certain organizational culture shares its ideologies and cultural forms (Trice, Beyer, 1993). In this sense organizational culture is a medium enforcing implementation of organizational tasks. Organizations assess their employees according to the benefits they bring, how useful they are, and whether they fit in with the organization and its culture.

Well-shaped organizational culture will increase the effectiveness of the organization and its employees' satisfaction (Shein, 1985;

Alvesson, 2002). The focus is on the practices exposing the character of a particular organizational culture since they influence employees' performance and their attitudes towards work; at the same time, the employees' relationship with the organization may depend on them.

Transformations in organizational cultures affected by changes in the environment have increased the demand in employees with broad educational backgrounds and multiple specializations. Employment of such people will facilitate flexibility, at the same time providing high quality of the produced goods and services since specialists arguably form a more motivated group (Vadi, 2004). This, in its turn, will raise organizations' competitive ability.

Individual strategies

The way "how people interpret and relate to the actions" (Alvesson, 2002, p. 170) that accompany tasks and the employed strategies depends not only on the extent to which people share the existing culture, but also on their previous practices (Bourdieu, 1999). This means that a person's individual strategies in the field of work are based on her/his values, attitudes and practices. In contrast to the previous decades, when work was in the centre of a person's life and was considered to be a moral obligation, while her/his personal goals were tightly bound with organizational goals, today people looks for independence, autonomy, development of own competences, cooperation, and participation in the decision-making process. This transforms the relationship between a person and an organization, and impacts on the formation of individual work strategies.

Being a member of an organization, a person communicates and cooperates with others. Taking into account that to the theory of organizational culture, relationship orientations constitute a dimension of organizational culture (Goffee, Jones, 2001; Alas, Vadi, 2003), the character of relations may either favor the realization of one's own goals or operate as constraints. The spread of team-work and horizontal relations as well as changes in hierarchies means that employees' performance does not solely depend on their own resources. It increases the need for cooperation between employees. At the same time, growing individualization and subjectivization of work raises competition between them. Subjectivization of work means that in addition to qualifications, an employee's work results depend on her/his sense of responsibility, and ability to cooperate with others, taking decisions if necessary, etc., in sum – on one's social and personal abilities.

Competition, along with employment, education and mobility inspires individualization (Beck, Beck-Gernsheim, 2002). Everybody wants to have a good, secure and well-paid job in the situation when work is not secure any more (Bauman, 2000; Rifkin, 1998). So employees, in order to pursue their own goals, try to stress their own achievements and individual abilities which distinguish them from other employees. Furthermore, they want that the employing organization would implement their abilities and value them in a proper way. Therefore employees are looking for organizations that value their resources, providing them with opportunities to convert their cultural capital into economic one, thereby achieving a desired lifestyle. In this case, they are ready for organizational commitment.

Adjustment of organizational culture and individual strategies: an empirical example

Empirical research was conducted among 523 representatives of new professions, who were predominantly under 35 years old, combining it with in-depth interviews with 30 BA or MA students in universities. The survey was conducted in Tallinn, the region where the biggest transformations have occurred due to the larger amount of investments and the entrance of foreign companies into the Estonian market. Among the representatives of new professions were managers in different fields, IT and logistics specialists, real estate agents and office workers whose educational level was quite high: 33% had a university and 19% a secondary education, while the rest had different levels of professional education. Additionally 20 middle-aged persons, predominantly over 40 years of age (Pavelson, Karotom, 2004) were interviewed.

According to our survey, the majority of the employees had a higher or secondary education. The persons who were recruited through a public competition were supposed to be fluent in at least one foreign language, be PC-literate and have good communication skills. At the same time, only 23% of the cases required a special education corresponding to the field of work. The applicant's general educational background and basic knowledge of client-oriented services were considered to be more important. However, it was personal abilities that enabled some candidates to be more successful than their competitors, and get a job.

Moving towards task-oriented work gives employees more autonomy and raises their responsibility. The existing work arrangements are quite flexible and provide autonomy on the job. This means that organizations employ such practices that favor subjectivization of work. But the work of some categories of workers, especially of office employees, depends much more on the managers. Their possibility to choose tasks and time-table is more limited, compared to sales managers, project managers, personnel managers, logistics, PR and IT specialists. The demand in communication skills indicates the importance of cooperation, although the survey showed that employees do not care very much of their co-workers' respect.

Table 1 shows that organizational environment facilitates good work results, and in this sense it is a place where employees might realize themselves. Organizations value good education and as a result prefer educated and well-qualified labor.

Table 1. Evaluation of an organizational environment by the workers (%)

	Totally agree	**Agree partly**	**Do not agree at all**	**Total**
I can choose my tasks	11	46	43	100
I can choose my time-table and work rate	30	45	25	100
My org. values good education	35	50	15	100
Promoted are members of own team	19	45	36	100
Good work is marked and rewarded	33	51	16	100
Conflicts with managers are quite frequent	8	50	42	100
Good relations with managers are important	43	51	6	100
To make a career, one must be in the right place at the right time	46	49	5	100
Competition between workers is high	10	50	40	100
I have non-monetary benefits	29	40	31	100

The presented data show that employees' behavior depends quite a lot on the existing organizational practices. The fact that the majority stressed the importance of "being in the right place at the right time" indicates that usually organizations do not have a formalized promotion system. Even if they have it, they may not implement it. In this case, it is not rare that quite a lot depends on the managers and their attitudes. According to our survey, in 80% of the cases the company manager was the one who established the rules in the organization. So there is nothing surprising that it is important for employees to have good relations with their managers. On the other hand, the organizational structure itself may be the reason why a formalized promotion system is not implemented, or is not used. The decline of hierarchies and moving towards horizontal relations may give good chances to everybody to make a career.

The majority of the respondents admitted to having access to non-monetary benefits. The spread of non-monetary benefits in organizations helps to enhance the loyalty of employees, raise their self-esteem and as a result prevent job-mobility. However, some authors think that today it is getting more difficult to find loyalty (Reichheld, 2002). Our survey showed that despite quite high work satisfaction – 88% of the interviewed persons were satisfied or very satisfied with their job, only 39% of them thought that they would be working in the same company five years later, and only 4% among them were quite sure that they would continue in the same company.

Another issue which encourages employees' behavior in the organization regards valuation of their work. The collected data show that the organizations usually mark and reward good work. However, this raises another question concerning the changes in the meaning of work. Rewarding of achievement means that normal, regular efforts are not valued any more (Heidegren, 2004). This changes attitudes towards work. Employees who evaluate highly their own contribution (the interviewed persons did so), prefer to have such jobs where their efforts are recognized.

The data of the survey and in-depth interviews show that for the majority, their work means achievement of a desirable life-style and social position. Surely, these attitudes are more common among young employees. Older and less educated persons tend to keep to the traditional work values. To them, work must provide stability (Pavelson, Karotom, 2004). Table 2 shows that these work aspects which help to acquire different capitals, mostly economic and cultural, and provide self-development, are valued more. According to the survey data, 43 of the interviewees at-tended university or different courses in order to raise their individual resource and be more competitive on the market.

Table 2. Valued work aspects (%)

Work values	All	Gender	
		Male	Female
Interesting and varied work	42	39	45
Competitive salary	25	28	24
Training, self-development	24	22	26
Managerial attention	5	7	3
Respect of colleagues	4	4	2
Total	100	100	100

It is clear that young people do not appreciate routine work. The in-depth interviews with students enrolled in Estonian universities showed that the young persons were oriented towards such work which "*... is economically well-paid and in a fun collective*" (M, 3rd-year student); "*... is well-paid, interesting, varied*" (M, 3rd- year student); "*... would be surely varied, not such routine* (M, 1st-year student); "*... is interesting, must be well-paid and mobile also, to sit down on one place whole day, I am not going to do it*" (F, 1st-year student). The interviews show that the material aspects of work (salary) are very important, since a well-paid job can provide a desirable lifestyle and self-realization.

The new work individualization makes employees move from one job to another in search of a job that would correspond to their work strategy. In our survey, these employees who had changed jobs, had done it because they wanted better possibilities for self-realization, a higher salary, better career prospects and work conditions. The biggest mobility rates were among persons between 25 and 35 years of age. Among them only 8% had had one job, while 39% had changed jobs more than three times.

The interviews with the students show that they are preparing for a career. "… *I would like to manage things myself that nobody sits on my head, if I were on the lowest positions of the career ladder I think I would not like it*" (F, 2nd-year student); "… *function of top (executives) seems to be control and organizing…*" (M, 3rd-year student). However, they realize that it can be difficult, but not impossible.

Conclusions and discussion

The basic assumption that organizational cultures do not impact so much on the formation of individual strategies is partially supported by the data. A person is ready to change a workplace regardless of his/her job satisfaction and the benefits the organization provides. This means that the meaning of loyalty is also transforming. Employees are loyal to the organization as much as they can benefit from being its members. They are interested in the work which would increase their capitals. If they do not have this opportunity, they may quit. Employees are conscious that the better and broader their education, the better their prospects for getting employment. Therefore they pay much attention to increasing their individual resource. They invest into education in such a way that would allow them to work in different companies and even industries.

Organizations provide employees with greater autonomy. This helps organizations to benefit from the personal abilities of employees. At the same time, moving towards horizontal structures may reduce promotion possibilities. It seems that the promotion strategies of organizations do not favor employees. Quite much depends on chance and belonging to the "right team". It is evident that employees are looking for distinction, but lack of competitiveness between employees may reduce their work commitment. In some cases the absence of a proper formalized promotion system may favor these employees who are "in the right place at the right time", but for employees it is better if they know what promotion possibilities they can have. Well-educated specialists are oriented towards career and have their own plans. They may find a company where their plans can be realized.

As it was said above, employees are not very loyal to the employing organization, but the survey indicates that organizations try to enhance their employees' organizational commitment and win their loyalty by implementing non-monetary benefits and noticing and rewarding good achievements in work. Indeed, these practices are appreciated, but this may transform the meaning of work also. It seems that routine and normal daily work is not the one that is valued by organizations, therefore young people want to be on the top, and that is why they do not want a job that cannot be considered as achievement.

Giving more autonomy to employees suggests giving them more responsibility and opportunities for self-fulfillment. At the same time, they do not always have them. Sometimes they are more educated than the work in the organization requires, that is, overqualified. Surely a person takes individual risks investing in education and training, but the lack of possibilities to interfere in the decision-making process may reduce organizational commitment and loyalty to the organization.

The research showed that the transformation of work values and work arrangements has caused changes in the interaction of the organization and employee. Organizational cultures have good opportunities to integrate people due to the changes in organizational settings, and provide possibilities for self-realization, but they are limited in distinguishing between employees. At the stage of hiring, organizations favor a person's abilities and achievements, but the arrangement of work in organizations and their promotion possibilities may make their employees prefer competitors.

The presented research regarded only a few aspects of organizational culture, indicating some shortcomings in the matching of organizational culture with the expectations of employees and in some way with the demands of the organizations as well. Without any doubt the situation varies by organizations as well as it varies by the strategies of different categories of employees. In this sense the presented results are only the first steps in such research. It seems that the question of loyalty, as well as understanding the importance of subjectivization of work needs much more attention.

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KOKKUVÕTE

Organisatsioonikultuur ja individuaalsed strateegiad

Natalia Karotom

Ülesannetekeskne ja protsessile orienteeritud töö eeldab organisatsioonikultuuri, mis soodustaks töö autonoomsust, suurendaks töötaja vastutust ning tema pühendumist organisatsioonile. Toimunud struktuursed muutused ja töö tehniseerumine koos ühiskonnas kehtivate väärtuste transformeerumisega on tinginud töö tähenduse muutumise. Tööd ei peeta enam moraalseks kohustuseks, vaid seda väärtustatakse lähtuvalt sellest, kuivõrd see võimaldab realiseerida töötaja isiklikke, individualistlikke huve. Kasvav tööalane individualism ja töö subjektsuse suurenemine püüab leida väljundit eneseteostuse ja enesearendamise võimalustes töökohal, samas kui töö ise peab kindlustama töötaja edasijõudmise elus.

Küsitluse ja süvaintervjuude käigus saadud tulemuste põhjal võib järeldada, et organisatsioonid ühelt poolt soodustavad töötajate individuaalsete eesmärkide realiseerimist. Teiselt poolt ilmneb, et väärtustatakse pigem saavutuslikkust töös kui igapäevast, nn normaalset tööd. Töötajates tekitab see soovi teha ainult huvitavat ja mitmekesist tööd, seda aga olukorras, kus suurem osa tööst on endiselt rutiinse iseloomuga. Muutunud suhtumine töökohasse tähendab seda, et töötaja on iga hetk valmis võtma vastu iga teise töö, mis vastab senisest enam tema isiklikele eesmärkidele. Ta on panustanud haridusse, soovib karjääriredelil edasiliikumist, kuid seda piirab horisontaalsete suhete tähtsustumine tänases tööprotsessis. See kõik tõstatab aga küsimuse töötaja lojaalsusest. Tekkinud on lõhe töötajate ootuste ja organisatsioonides kehtivate praktikate vahel, mis on ühelt poolt takistuseks individuaalsete eesmärkide realiseerimisel ning võib teiselt poolt tekitada probleeme ka organisatsiooni ette seatud ülesannete täitmisel.

III PART. INTERNATIONAL ASPECTS

3.1. THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND INDIVIDUAL VALUES: A COMPARATIVE STUDY OF ESTONIA AND FINLAND

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Introduction

There are many similarities between Estonian and Finnish cultures and history, and the co-operation between the two cultures increases. However, after Üksvärav and Nurmi's (1994) comparative analysis of the OC and values of Estonian and Finnish business environments, there have been particularly few studies comparing the two cultures in the area of management studies. Therefore it appeared to be essential to revise the study, examining how individual values and their relationship to OC affect organizations in both cultures. The objective of the current study thus is to find out, compare and discuss the relationship between OC and individual values in the framework of Estonian and Finnish organizations. This article is a continuation of the author's explorations into the cultural contexts of Estonia and Finland.

National culture can be seen as a source of OC and individual values. When coming briefly to the national cultures of Estonia and Finland, a few notions can be presented. Estonians and Finns share similar linguistic and ethnic features, and have a long shared history. They have even twice been parts of the same country: Sweden and Russia. However, during history Finland has mostly been culturally annexed to Sweden, while Estonia has been heavily influenced by German culture. The period after World War II probably divided the two cultures more than any other period in history, but even though the Soviet regime left traces in the present Estonian culture, it has also had an impact on Finnish culture (Nurmi, Üksvärav, 1994).

At present Estonia is one of the most multi-ethnic and multicultural societies in Europe (Talvet, 2004). There is a large Russian minority (28.1%) in Estonia, and, interestingly, a Finnish minority (1%) that is relatively bigger than the Roma (0.2%) and Sami (0.1%) minorities in Finland. Finland also has a Swedish (5.7%) minority. Wide regional differences are observed in both societies, there being marked contrasts between the regions of capital cities and the other regions. In Finland there are additionally big cultural variations between the western and eastern parts. Nowadays both countries are members of the European Union, and Finland was the only Nordic state to join the euro system at its initiation in 1999 (Nurmi, Üksvärav, 1994; The world factbook: Estonia, 2005, and Finland, 2005).

Theoretical frameworks

Culture is a combination of religious, political and esthetical value criteria handed down by historical heritage, which are, at least partly, peculiar to the individuals living or having lived in the same social environment (Pajupuu, 2000). As each national culture has its own uniqueness, each organization is unique in the same way (Driskill, Laird Brenton, 2005). Every organization has its specific forms of culture, i.e. its organizational culture (OC). It is something that the organizational members recognize as important (*Ibid.*).

OC has been studied and defined proceeding from several aspects. In this article the base for studying OC is that it is possible to distinguish between two aspects that identify organizational members' connection to the community (Vadi, 2000), which are:

- whether organizational members support the goals of a particular organization, and
- how strong the feeling of togetherness is among organizational members.

These two aspects reflect the values that bind an organization together, as well as the inter-relationship between organizations and their environments (Vadi, 2000). The first aspect represents *task orientation* and the second aspect *relationship orientation* (Vadi, Allik, Realo, 2002) in a culture.

Joining the different aspects of OC makes it possible to study the types of OC. F. Trompenaars generalized OC to four metaphors: *incubator*, *guided missile*, *family*, and *the Eiffel tower*, which vary along two dimensions: equality – hierarchy and task orientation – relationship orientation. *The Eiffel tower*, or as it is also called, role-orientated culture has been the dominant OC in Finland. It is characterized by hierarchical, task-orientated, impersonal and mechanistic features (Nurmi, Üksvärav, 1994). When investigating Trompenaars's data, it was possible to conclude that there is a tendency for Finnish organizations to move towards the *guided missile* type OC, or as it is also called, project-dominated and result-orientated culture. That OC type is more egalitarian than *the Eiffel tower*, but still impersonal and task-orientated (Trompenaars, Hampden-Turner, 1999).

Trompenaars's data did not include Estonia, but according to Nurmi and Üksvärav, Estonian organizations also have the features of *the Eiffel tower* (role-orientated) culture, even though relationships between organizational members appear to be more personal in Estonia than in Finland, and Estonians may respect authority more than Finns do (Nurmi, Üksvärav, 1994). The recent studies imply about Estonia that there is a gradual transition from the power-orientated (*family*) to the role-orientated (*Eiffel tower*) culture, and a tendency to moving further towards the result-orientated (*guided missile*) and achievement-based OC (*incubator*). According to H. Roots, the latter are the preferred OC types of subordinates, while managers are keeping the power-orientated values and practices. In that way, management culture is the most conservative part of OC in Estonia (Roots, 2003).

Values are general convictions, which lead individuals to commit certain acts and take certain decisions in different situations (Trompenaars, Hampden-Turner, 1999). The concept of individual values is strongly related to OC, and theorists share the idea that individual values are a fundamental element of OC.

M. Rokeach (1973) developed a theoretical perspective on the nature of values, dividing value systems into *terminal values* and *instrumental values*. According to him, terminal values are the self-sufficient end-states of existence that humans seek in life (e.g., *comfortable life*, *wisdom*, *family security* and *social recognition*). A distinguishing feature of terminal values is that they are pursued for their own sake. On the other hand, instrumental values are individuals' preferred models of behaviour (e.g., *honesty*, *responsibility*, *imaginativeness* and *forgivingness*). Instrumental values guide the behaviour of organizational members on a daily basis, and can be considered as signposts to accomplish the end-states of existence (terminal values) (Johnston, 1995; Meglino, Ravlin, 1998; Rokeach, 1973; Vadi, 2000).

Regarding the studies of individual values in Estonian and Finnish contexts, a few generalizations can be made. In the studies by M. Vadi, E. Kallast and H. Krull, the terminal values *family security*, *self-respect* and *happiness* were valued highly among Estonians. The instrumental values *honest*, *responsible* and *loving* have also been noted to be important in the Estonian context (Vadi, 2000;

Kallast, 2003; Krull, 2003). In the Finnish context, on the other hand, as shown by the study of university students' value orientations, the terminal values *inner harmony*, *self-respect* and *true friendship* were prized highly, and the instrumental values *responsible*, *capable* and *broad-minded* are important (Nurmi, 1986).

Method and data

In this article, we study individual values, using Rokeach's (1973) Value Survey (RVS), which is an ipsative measure assessing preferences for different values (Meglino, Ravlin, 1998). The RVS consists of two alphabetically ordered lists of 18 terminal and instrumental values which the respondents were required to rank separately in the order of importance on the scale from 1 to 18 (Johnston, 1995).

An Organizational Culture Questionnaire (OCQ) developed by M. Vadi was used to measure OC. The aim of the OCQ is to explore the dimensions of OC by 43 statements, measuring the respondents' perception of OC on a 10-point Likert scale. The OCQ is based on the aspect that it is possible to distinguish between two dimensions in OC, viz. task and relationship orientations, as mentioned previously. Task orientation reflects the desire of all organizational members to support the common goals of the organization, whereas relationship orientation indicates the belongingness of the members of an organization (Vadi, 2001).

Since the original language of RVS was English, and the original language of OCQ Estonian, the methods were adapted to the Finnish context in many phases. Firstly, two native Finnish speakers living in Estonia translated the methods into Finnish independently. Secondly, the identically translated statements were selected. In the case of differently translated statements, the best version was chosen, or completely new translations were made, using the two translations as building blocks. Finally, a Finnish philologist verified the translations. The data from Estonia were collected with the original OCQ and RVS that was previously adapted to the Estonian context by M. Vadi (2000).

Besides the author's empirical data, the data from H. Pallo's (2004) study were used here as complementary data. The justification for that is that Pallo's data were collected by using the methodology which the author had previously adapted to the Finnish context. The total sample of the current study was 288, of which 177 responses (61%) were from Finland and 111 (39%) from Estonia. The organizations participating in this study were hotels, hospitals and a distributor of pharmaceutical products. The first period of data collection lasted from October 2001 to February 2002, and the second from September to November 2003. Unfortunately, no questions of socio-demographic nature were included in the surveys. Since there was no re-access to the data it is impossible herein to analyse data in that area.

Results

A factor analysis was compiled to find the dimensions of OC. In the Finnish context, 35 statements described two factors of OC, while 30 statements loaded to the first factor – task orientation, and 5 statements to the second factor – relationship orientation. In the Estonian context, 17 statements represented task orientation, and 11 statements relationship orientation. In the Finnish sample the mean value of task orientation (OC1) was 6.38 (Standard Deviation, further on SD = 1.42), and relationship orientation (OC2) 4.98 (SD = 1.25) on a 10-point scale. In the Estonian context, the gap between the mean values of the OC dimension was narrowed. The mean value of task orientation was 5.17 (SD = 1.02), and relationship orientation 5.26 (SD = 1.48).

In the case of individual values, a mean-analysis was used to find the most important values that are presented in Table 1.

Table 1. The mean values and standard deviations of the most important terminal and instrumental values in Finnish and Estonian organizations

Estonia (n = 111)		M	SD	Finland (n = 177)	M	SD
Terminal values						
1.	Family security	4.16	3.62	Family security	3.10	2.87
2.	A sense of accomplishment	5.85	3.97	Self-respect	5.36	3.71
3.	Self-respect	6.44	4.10	Happiness	5.99	3.85
4.	Happiness	7.15	4.39	True friendship	6.79	3.20
5.	Wisdom	7.24	4.52	Mature love	7.12	4.24
Instrumental values						
1.	Honest	4.57	4.10	Honest	2.82	3.23
2.	Responsible	5.98	4.32	Responsible	4.73	3.49
3.	Loving	7.24	5.08	Helpful	7.40	4.55
4.	Intellectual	8.28	4.62	Loving	7.46	4.83
5.	Clean	8.63	4.72	Forgiving	7.67	4.69

To find the relationship between OC dimensions and individual values, the Pearson product moment correlation coefficients (r) were computed on the condition that $r \geq |0.20|$. The results are presented in Table 2. It is important to notice that a negative correlation means a trend of the same direction, and a positive correlation means an opposite connection since the RVS was based on ranking technique.

As can be seen from Table 2, there is a relationship between the OC dimensions and individual values among the respondents in the Finnish and Estonian organizations involved in the study. In the Estonian context, three values were negatively correlated with task orientation. Another three values were related to relationship orientation; two correlated positively and one negatively. In the Finnish context, only two values were related to task orientation – both negatively –, and five values to relationship orientation.

Table 2. The correlations between the OC dimensions and individual values in the Estonian and Finnish organization studied

	Estonia (n = 111)			
	Terminal values	**r**	**Instrumental values**	**r**
OC1	Social recognition	–0.23*	Honest	–0.25**
			Intellectual	–0.25**
OC2	Family security	0.20*	Loving	–0.20*
	Wisdom	0.23*		
	Finland (n = 177)			
	Terminal values	**r**	**Instrumental values**	**r**
OC1	A world at peace	–0.22**	Forgiving	–0.34**
OC2	Equality	–0.22**	Capable	0.22**
	Social recognition	–0.24**	Cheerful	–0.28**
			Responsible	0.21**

Notes: * Correlation is significant at the 0.05 level (2-tailed); ** Correlation is significant at the 0.01 level (2-tailed)

Discussion

The results of the OC dimensions confirmed the findings of Trompenaars's study: the respondents from Finnish organizations preferred task orientation. In the Estonian context, however, the orientation was not so obvious. In fact, the Estonian respondents gave higher scores to OC relationship orientation, but the standard deviation was high on that dimension, meaning that not all the members may share the result.

The most important terminal value for the respondents in Estonia and Finland was *family security*. The SD on that value was remarkably small, particularly in the Finnish sample, which means that the organizational members shared its importance deeply. It is important for Estonian and Finnish managers to know that family is highly valued by both cultures. This finding may cause both advantages and disadvantages for organizations. Valuing family may, on the one hand, reveal itself in the form of absenteeism, long maternity leaves, etc. but on the other, in the form of more contented and happy employees.

Self-respect was also a value prized highly in both cultures. *A sense of accomplishment*, which was highly valued in the Estonian sample, reflects the respondents' orientation towards individual development. *Honest* and *responsible* were the most important instrumental values in both cultures. Besides those values Estonians cherished, for instance, the values *intellectuality* and *wisdom*, which can also be linked with individualism and task orientation. Finns, on the contrary, prized values that were linked with social relationships and can be considered as "soft-values".

The results of value hierarchies were in line with the findings of previous studies that were presented in the theoretical part, and showed that the most important individual values were similar in the Estonian and Finnish samples.

The aim of this article was to find the relationship between OC and individual values, and thus the correlations between them were computed. In the case of task orientation, only negative correlations existed. In the Estonian context, the terminal value *social recognition* and the instrumental values *honest* and *intellectual* correlated with OC task orientation. In the Finnish sample, the terminal value *a world at peace* and the instrumental value *forgiving* correlated with OC task orientation. This refers to the fact that in the Estonian and Finnish organizations involved there exists a relationship between the individual values held and a willingness to support the OC task orientation. No relationships were detected between the individual values and unwillingness to support the common goals and management of organizations. So confirmation was obtained for the notion that Estonians and Finns have a tendency towards task orientation.

That finding may be useful for the organizations operating in Estonia and Finland. It means that employees in both cultures probably work hard to achieve the common goals of organizations. They may work overtime and in their leisure-time for the benefit of their organizations. Task orientation can also be seen as a competitive advantage in a cross-cultural business environment, since it can be linked with, for instance, high quality standards and trustworthiness in timetables, etc. The Estonian respondents might be even more task orientated than the Finnish respondents, since no particularly strong relationships between individual values and OC were found in the Finnish sample, but in the Estonian context the most important value (*honest*) was related to task orientation.

However, it was interesting to notice that those Finnish respondents who prized the value *a world at peace* turned out to be among the strongest supporters of their organizations. It can be questioned, though, whether these respondents support their organizations' goals entirely, or are obedient because they want to avoid disagreements and conflicts in their organizations. Valuing forgiveness supports this argument. Thus the intensity of task orientation will be questioned in the Finnish sample. Also in the Estonian context, those repliers who desired *social recognition* may be performance-orientated and support the organizational goals, but have their principal objective outside their organizations, i.e. in themselves.

Regarding OC relationship orientation, the Estonian respondents prizing the instrumental value *loving* showed a relationship orientation, and may create a warm feeling of togetherness in their organizations. In opposition to that, those individuals who prioritized the terminal values *family security* and *wisdom* were less concentrated on the relationship aspect in the Estonian sample. This refers to the fact that those organizational members who value family are not seeking social relationships in organizations.

In the Finnish context, the respondents who prioritized the terminal values *equality* and *social recognition*, and the instrumental value *cheerful* tended to be relationship-orientated. In contrast to the Estonian sample, where *social recognition* was related to task orientation, in the Finnish sample it was linked with relationship orientation. Therefore it can be argued that Finnish repliers reflect *social recognition* through social relationships, while Estonian respondents do it through success in the work-related areas of life. The individuals who prized the instrumental values *capable* and *responsible* revealed less relationship orientation in the Finnish sample. The individuals who valued *capable* may focus on individual goals and lives rather than interpersonal relationships with organizational members. It would have been easy to suggest that *responsible* could be related with a high feeling of togetherness in organizations, but the results indicated an opposite connection. Thus it can be interpreted as a unique character of the Finnish organizations studied.

Relationship orientation can be seen as relatively weak in both samples. The lack of relationship orientation may cause difficulty at least in the area of negotiations, organizational commitments and the spirit of togetherness in organizations. However, those problems may arise in both cultures and therefore cause no disparity.

Finally, both similarities and differences were found between the Estonian and Finnish organizations involved in the study. Individual values were similar in both samples, but the relationship of values to the OC dimensions differed. The similarities, differences and managerial implications that arise from the findings of this study are presented in Table 3.

In the light of the findings of the study it can be suggested that when managers wish to make their organizations more effective, they should pay attention to the values that their employees are considering as important. For example, perquisites, which are linked with employees' families, may be an effective motivation tools. Managers should also pay attention to the fact that their employees have a chance to realize their task orientations as much as possible for their own and their organizations' benefit.

Tabel 3. Similarities and differences between the Estonian and Finnish respondents

Attitudes towards	Estonia	Finland	Supposed organizational outcome
Similarities			
Family	Important	Important	Valuing family may happen at the expense of the organization but its relationship to OC was valid only in the Estonian sample.
Relationship orientation (OC2)	Weak	Weak	The feeling of togetherness may not strengthen inside the organizations, and organizations may not be able to benefit, e.g. from their members' supportiveness and assistance to each other.
Differences			
Ambition	Important	Neutral	The members of the Estonian organizations may work harder to achieve their goals than the members of the Finnish organizations.
Social recognition	Is reflected through work-related issues	Is reflected through social relationships	Recognition may not be an effective tool for motivating the members of Finnish and Estonian organizations, since it was not prized highly, although the Estonian respondents valuing social recognition tended to be supportive of organizational tasks.
Task orientation (OC1)	Stronger	Strong	Members of the Estonian organizations may support their organizations' goals more than Finnish members.

Although there are many similarities between Finnish and Estonian values and OC, the co-operation between the two cultures is not always functioning as well as possible. This may be due to the absence of sufficiently useful and reliable knowledge about the two cultures. Aspects like attitudes, manners, considerations, language barriers, etc. are still affecting the co-operation processes. Probably co-operation will function better in the future, since there will be more experience and information. Hopefully, this article can help us to understand each other better in this learning process.

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KOKKUVÕTE

Organisatsioonikultuuri ja indiviidi väärtuste vahelised seosed: Eesti ja Soome võrdlus

Jatta Kankaanranta-Jännäri

Eesti ja Soome vahel on tugevad ajaloolised, keelelised ning kultuurilised seosed. Lisaks sellele tiheneb Eesti ja Soome vaheline koostöö pidevalt. Hoolimata sellest on vähe tehtud uurimusi, mis võrdleksid Eestit ja Soomet juhtimise valdkonnas. Käesolev artikkel püüabki seda vajadust täita. Uurimuse eesmärgiks oli leida ning võrrelda organisatsioonikultuuri ja indiviidi väärtuste vahelisi seoseid Eesti ja Soome organisatsioonide näitel.

Indiviidi väärtusi uuriti M. Rokeachi meetodiga, milles väärtused jagatakse põhi- ja tugiväärtusteks. Organisatsioonikultuuri uuriti M. Vadi poolt loodud metodoloogia alusel. Metodoloogia võimaldab uurida organisatsioonikultuuri kahe dimensiooni – ülesande ning suhete orientatsiooni kaudu. Mõlemad meetodid modifitseeriti Soome konteksti. Uurimuses osales 111 eestlast ning 177 soomlast.

Uurimuses leiti, et indiviidi väärtused olid sarnased mõlemas kultuuris. Kõige rohkem väärtustati perekonna turvalisust nii Soomes kui ka Eestis. Seevastu indiviidi väärtuste seosed organisatsioonikultuuriga erinesid kultuuride vahel. Mõlemas kultuuris oli võimalik leida tendents ülesande orientatsioonile. Suhete orientatsioon ei leidnud toetust kummaski kultuuris.

3.2. MEASURING ORGANIZATIONAL CULTURE IN GERMANY

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Introduction

For companies in post-industrial societies, not only economic aspects, but also cultural and social factors play an important role in management. The early development of organizational culture (OC) theory in Germany (beginning of the 1980s) was restricted to a descriptive adoption of American concepts of OC, whereas monographs by Deal and Kennedy (1982), and Peters and Waterman (1982) attracted special attention. The original and innovative German concepts were rarely introduced before the late 1980s (Krulis-Randa, 1990, p. 7). However, already 60 years before that Nicklisch (1924) had discussed the term "culture of a company" ("*Kultur im Betrieb*") explicitly, underlining the importance of social interaction of people in an organization.

The aim of the present article is twofold. We aim, firstly, to examine organizational culture in Germany by surveying previous relevant studies, and secondly, to determine task and relationship orientations of organizational culture in German organizations on the basis of empirical study, To achieve the objectives, the following tasks were set for the research: a) to explore and systematize the available theoretical research and empirical studies of organizational culture in Germany, b) having adapted the Estonian questionnaire on OC to the German context, to collect the necessary body of data and analyze it.

Regardless of intensive discussions about organizational culture in Germany (see works of Beyer, Nutzinger, 1996; Heinen, Frank, 1997; Sackmann, 2002; Schreyögg, 2000), empirical surveys of the subject are scarce. Thus the present research not only contributes to the needs of Estonian businesses starting cooperation with German companies, but also to German research literature, offering a new perspective to the studies of organizational culture.

The article falls into three parts. The first one deals with the systematization of academic research on organizational culture in German companies, considering theoretical statements and empirical studies. The other two parts of the paper represent an empirical study.

Organizational culture in German organizations: academic discussions and empirical studies

This chapter focuses on analyzing OC from two points of view. Firstly, academic literature is surveyed, in order to evaluate the development of OC theory in Germany and to detect the key points of modern OC research. Secondly, 13 large sample empirical studies are analyzed. The time period for the studies analyzed herein was set at the last ten years, with the exception of classical studies on organizational culture.

The literature on OC in Germany can be divided into three groups, depending on the degree of importance for the current research. The first and largest group comprises pure overviews of OC theory (Heinen, 1985; May, 1997; Schreyögg, 2000) and is of limited value for the current research. The second category consists of management and organizational research papers that explore new theoretical perspectives of OC (Kobi, Wütrich, 1986; Sackmann, 1999; Schwartz, 1993). The development of theoretical OC approaches is discussed in the first part of this chapter. The contribution of the third category, comprising a large sample of empirical studies (Beyer, Fehr, 1997; Pflesser, 1999; Mareé, 1997), is examined later in this chapter and is the major basis for determining the characteristics of OC in German enterprises.

Among the German academic papers on OC ("*Untermehmenskultur*", "*Organisationskultur*", "*Firmenkultur*", "*Corporate Culture*"), three strands of study may be distinguished on the basis of their approaches to defining OC (see Figure 1).

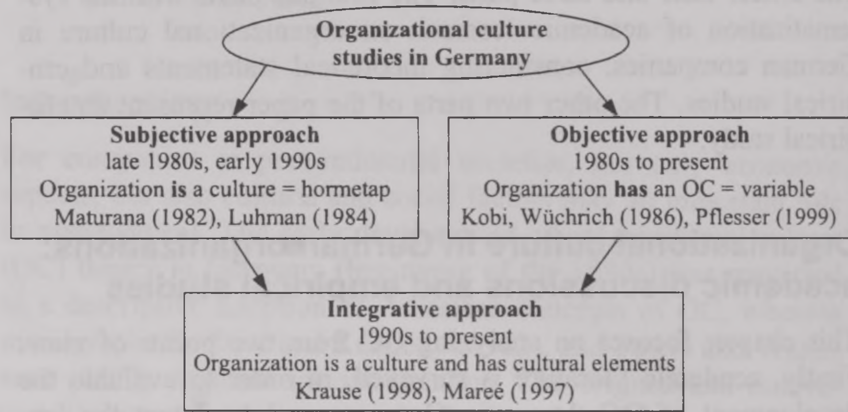

Figure 1. Three main strands of organizational culture research in Germany: the name of the study strand, respective time period and example of followers.

Within the first, subjective (symbolic, interpretative) approach, OC is viewed as a metaphor for the whole organization. According to this concept, every organizational element is an expression of an OC, whereas management is dependent on OC, not managing it (Morgan, Frost, Pondy, 1983). This concept developed from American OC research, had only limited implications in Germany. The subjective approach is criticized for the high degree of subjectivity that diminishes both the scientific and practical value of the concept (Zimmer, 2001, p. 16). No recent studies were detected to be using this OC perspective; but the earlier studies by Maturana (1982), and Luhman (1984) used mostly qualitative evaluation methodology.

By contrast, the subjective approach is an objective (positivistic, functional, instrumental) perspective that views OC as an organizational element/variable, such as organizational strategy or structure (Staehle, 1991, p. 465; Barth, 1998, p. 11). OC is seen as a manageable organizational variable that can contribute to the success of an organization. The empirical studies focus on measuring easily visible, objective elements of OC, e.g., symbols, rituals, external organizational values and norms (checklist of Kobi, Wüchrich (1986), value questionnaire of Scholz, Hofbauer (1990)). At the beginning of the 1980s, OC was considered to be an effective management tool (Ebers, 1995; Doppler, 1994) and was therefore intensively studied with this method. However, the multiple empirical studies detected very limited positive results of managing OC in German organizations (Chatman, 1991; Gluminski, 1993). Additionally, the objective approach to OC study caused strong opposition on ethical grounds in Germany (Grabner-Kraeuter, 2000; Berkel, Herzog, 1997) and was criticized for excessive simplification of the nature of OC (Heinen, Frank, 1997, p. 26; Scholz, Hofbauer, 1990, p. 51). Nevertheless, multiple recent surveys employ this concept (Graf, 2000; Pflesser, 1999), focusing on measuring easily visible, objective elements of OC: symbols, rituals, explicit organizational values and norms.

Based on the critique of OC models, the integrative approach formed, becoming the most widely discussed and accepted OC concept of the last decade (Ochsenbauer, Koflat, 1997, pp. 96–98; Kaschube, 1993, pp. 104–106; Sackmann, 1996, pp. 265–270). This concept developed further the two previously discussed approaches, integrating them into a single model, according to which organizations *are* cultures and simultaneously *have* cultural elements. OC components are not necessarily visible, but compounded of several interdependent levels. There are diverse methods to measure an OC. Following the integrative perspective, some studies focus on analyzing the levels of OC, others on detecting OC elements. Several innovative concepts were developed in Germany, for example, the FISO-principle (Functional-Interpretative-Subjectivistic-Objectivistic) by Scholz and Hofbauer (1990), and the integrative cultural perspective by Schwarz and Davis (1991).

Concluding the analysis of OC theory in Germany, it is possible to point out that even though several OC concepts are accepted in German academic circles, the integrative concept is the most justified one in the German context. Therefore the present study will employ this method for measuring OC.

What are the hallmarks of OC in Germany? It is important to understand that there is no clear-cut characterization of German OC that would be universal for all industries. On the one hand, competition forces companies to differentiate in their operation modes and organizational values, on the other – there are companies with geocentric management orientation, whose OC is less dependent on the national context (Schreyögg, 1996, pp. 65–72). Nevertheless, several studies report similarities of organizational values and practices in German companies (compare, for example, the discussions of Eckstein (1997), Gontard (2002), Zürn (1986)). Early studies of German OC reflect the following criticism towards companies (Randelsome, 1990; Hammel, 1994; Hofstede, 1993):

1. A tendency of German companies to be product-led rather than market-oriented.
2. Organizations are publicity-shy, not employing direct, effective marketing tools.
3. Lack of entrepreneurial spirit throughout German businesses.
4. High uncertainty avoidance characteristic of German employees favours formation of a "well-oiled machine" type OC, in which order is of paramount importance.

To get a view of the recent development of OC studies in Germany, several officially published large-sample studies conducted over the last ten years were examined by the authors. The aim was to analyze the findings of the studies and to identify the methodologies employed. The complete table analyzing 13 studies is presented in Appendix 1. In what follows the findings of these studies are examined, enabling us to draw several conclusions about German OC and the research methods applied.

Albach (1994), Eckstein (1997), and Perlmutter (1995) distinguish between traditional German companies and those affected by American theories of management[1]. The OC of the first category of companies reportedly has the following features: an emphasis on formal rules and procedures, a desire for stability and security, and a strong belief in the company's own elaborated and tested methods (Peppard, Fitzgerald, 1997, p. 452). Ruigrok, Achtenhagen (1999) and Gunnarsson (2000) came to the conclusion that in ethnocentric German companies OC was an important coordination tool for vertical communication, but it played a less important role on the horizontal organizational level. The culture of the above type is found in companies operating in such traditional German business sectors as: iron and steel, machinery, mechanical engineering, electrical engineering, precision instruments and optical goods, electronics, construction, chemicals, banking and insurance companies (Eckstein, 1997, p. 142).

Traditional German OC is also discussed by Opresnik (1999) who on the basis of secondary data compares OC in the USA and Germany, concluding that German OC is characterized by strong rituals, inflexibility, and centralization (Opresnik, 1999, pp. 157–161). German collectivist society favors inflexibility and

[1] The impact of American OC theories on German organizations is noticeable, when additionally to strict order the following organizational values are communicated: motivation, teamwork, innovation, intensive communication with clients, suppliers and internal partners, self-accomplishment, ethical norms and values (Albach, 1994, p. 20).

resistance to change, employees are strongly oriented on past success (Bleicher, 1989, p. 197), hence hindering innovation in organizations. Albach (1993), who has detected intolerance towards risks and mistakes of German managers, supports the inflexibility hypothesis as well.

Breu (2000), Edeling (1998) and several other authors underline the differences between the OCs of West and East Germany. For example, in comparison to East German organizations, there is a considerably weak action symbolism in West German organizations, which is one of the main reasons for weak OC. The organizational symbols are seldom used[2], except for status and success symbols (Pflesser, 1999, p. 131). Instead of an emotional, enthusiastic orientation to organizational objectives, an average German employee would rather *follow* the organizational rules (Eckstein, 1997, p. 126). This, however, applies more to history-conscious older generations who accept less eagerly the American management style (Albach, 1994, p. 21) and OC.

In German companies orientation to performance is much stronger than orientation to relations (Gontrard, 2002; Fischer, Steffens-Duch, 2000). Being collectivistic on family level, the Germans strictly separate the family and friendship circle from job issues, thus drawing a liner between their private and working lives. In due turn, the organization's management accepts this attitude of German employees and avoids evoking excessive emotional involvement in organizational processes (thus contrasting themselves with US-American companies) (Eckstein, 1997, p. 134). The examination of empirical studies allows us to draw twofold conclusions. Firstly, paying attention to the methodology of the studies, it appears that OC research in Germany does not consider explicitly the impact of individual values on OC; the OC studies often ignore the unity and complexity of the

[2] Also earlier studies confirm low symbolism in German organizations. See, for example, Neuberger and Kompa (1987, pp. 112–134).

OC concept. There is no total, dimensional approach that would embrace OC as a whole entity. Secondly, the analysis of available studies leads to the conclusion that the following features may characterize traditional German OC:

1. German companies promote an orientation on product quality and performance rather than on relations, thus employees are emotionally not strongly bound.
2. OC has a traditionally "formal", instrumental nature. For example, to simplify vertical communication, enthusiastic action-symbolism is rejected.
3. Inflexibility, formalization of German OC causes its resistance to change that hinders innovative thinking.
4. Strong differences are detected between OC in West and East Germany as well as between geocentric and ethnocentric companies, thus for further study focusing or differentiation would be suggested.

The abovementioned tendencies of organizational culture, together with the conclusions about the performance and relationship orientation relationships, enable us to proceed with the empirical study of the present research.

Study design and sample

There are multiple techniques for examining OC, such as case studies, experiments, interviews and questionnaires. In the German context, several authors have researched orientations of organizational culture (Bosler, 1993; Kobi, Wütrich, 1986). Outside Germany, the most elaborate OC orientation approaches are those of Schein (1992) and Harrison (1995) who defined two OC orientations, namely, task and relationship orientations. In a similar vein, in the current paper, the examination of OC is targeted towards the organizational task and relationships between organizational members. In the present paper the questionnaire developed by Vadi *et al.* (2002) is used to explore German OC orientations. This method corresponds to the integrative approach discussed earlier in this article and enables treating the OC concept on a complex level, avoiding excessive simplifications (common for an objective approach).

The questionnaire consists of 43 statements and is oriented towards exploring OC orientations. The two dimensions discussed above reflect the values and beliefs on an organizational level and characterize the relations between an individual and an organization. The organizational culture questionnaire (OCQ) measures the respondents' perception of OC on a 10-point Likert scale. The aspects covered by the questionnaire include statements on communication attitudes, behavioral norms, relations with the management and other issues.

Originally composed in Estonian, the OCQ was translated into German and a backward translation was performed. The items were first prepared in Estonian and then translated into German, both by a professional translator and an Estonian-German bilingual who worked independently of each other. The companies to be involved in the study were selected, using the database of German companies (Firmendatenbank, 2002) and personal contacts of the researchers involved. Compiling the sample, the authors used the "differentiation strategy", selecting from various industries, from both the private and public sector, and from among large and medium sized companies.

As a result, the contact organizations were selected from such industries as machinery and electronics as well as from the service sector and several others, where the company's name does not imply multinationality. Inclusion of various industries into the survey minimizes the industry effects on OC research. All the organizations studied have more than 100 employees – the decision not to include small companies was made following the conviction that in small companies, the subcultures are stronger, whereas the manager usually dominates over the behavior of employees (Pflesser, 1999, p. 121). If only small companies had been used, the study would thus have reflected the attitudes of managers rather than OC and the shared values of the employees. The empirical data were collected during the period November 2003 – June 2005.

For the empirical investigation 172 organizations were selected. The rate of companies that took part in the study was 9%, or 15 companies. The average number of returned questionnaires per company was approximately 16, which builds the general sample of 239 respondents. The socio-demographic parameters of the sample are represented in the following table. Nine respondents left the fields requesting socio-demographic data unfilled. The questionnaire data received from two respondents were excluded from the analysis, since the respondents were not of German nationality, and their perceptions of OC might be rather different from those of the employees of German nationality. The average age of the respondents was 39.4 years (standard deviation 10.9), and the average time of working in the same company 14.8 years (standard deviation 14.3).

Table 1. Structure of the sample by the respondents' socio-demographic characteristics

Criterion	% of all respondents	Criterion	% of all respondents
Position		**Gender**	
managers	24.3	men	64.7
specialists	17.3	women	35.3
regular employees	58.4	**Education**	
Age		secondary	46.8
up to 35 years	38.5	higher	53.2
36–45 years	32.3	**Time working in the company**	
over 45 years	29.2	up to 10 years	50.2
		over 10 years	49.8

Notes: total sample – 239 respondents

The Table 1 shows that almost a quarter of the respondents held managerial positions, and more than a half had graduated from institutions of higher education. Over 60% of the respondents were males.

Considering the high average tenure of the respondents (14.8 years), it is possible to conclude that the organizations that were studied have a relatively stable staff. Thus the individuals evaluating OC are expected not to be superficial.

The evaluation of organizational culture in German organizations

The chosen study method enables detection and measurement of OC orientations. To examine the validity of the methods in the German context, factor analysis was also conducted, whereas Cronbach's alpha ($\alpha_{Cr} > 0.6$) was used as a criterion for the reliability of the extracted factors. Statistical processing of the data on OC resulted in a two-dimensional factor solution (see Table 2).

Analysis of the statements comprising two extracted factors leads us to the conclusion that the first OC factor reflects task, and the second one relation orientation. The factors explain 46% of total variance, which is a high percentage for studies in the field of social science (Hair *et al.*, 2003, p. 322). The reliability coefficients of both factors ($\alpha > 0.85$) show the internal consistency of the solution. Therefore the factor may be applied for further analysis.

The detected two-dimensional OC factor solution is similar to the results of Vadi *et al.* (2002, p. 183). However, instead of 16 statements (valid in the Estonian context) 21 statements describe two OC factors in the German context. Inspecting the factors' composition it is possible to notice that the first factor consists of uniform task-oriented issues (e.g., task-related communication), while the second factor reflects orientation on relations, including issues about personal lives and hobbies.

Table 2. The loadings of two factors on organizational culture

Statements	Loadings	
	factor 1	factor 2
… tasks are explained clearly	**0.78**	–0.01
… people know how to communicate with each other	**0.76**	0.16
… the information required is accessible to everyone	**0.75**	0.05
… there is a strong feeling of togetherness in difficult situations	**0.75**	0.10
… every person is appreciated	**0.70**	0.07
… people enjoy their work	**0.68**	0.29
… all the important issues are discussed with each other	**0.67**	0.11
… people communicate politely with each other	**0.65**	0.04
… everyone performs his/her tasks well	**0.60**	–0.08
… people are proud of their organisation	**0.56**	0.27
… people's welfare is thought of	**0.56**	0.35
… people know about each other's personal lives	–0.03	**0.72**
… each other's hobbies and out-of-work activities are known	0.17	**0.71**
… the opinion of the employees coincides with manager's view	0.25	**0.69**
… people are not afraid of making mistakes	0.27	**0.68**
… many people have been working together for a long time	0.00	**0.67**
… everyone has a freedom of activity	0.11	**0.65**
… the manager can be easily contacted if necessary	–0.01	**0.65**
… the competitors are well-known	0.18	**0.64**
… people know each other well	0.27	**0.59**

Notes: 1. Factor loading in bold corresponds to the statements included in the factor. 2. Statements in Italic also belong to the factor solution based on Estonian organizations.

The score of the OC task orientation (6.33, standard deviation 1.40) is considerably higher than the score of the OC relations dimension (4.50, standard deviation 1.11). Considering that the measuring scale of OC questionnaire statements was one through ten (in ascending order of importance from irrelevant to absolutely relevant statements), the conclusion can be drawn that average orientation on task was perceived by the respondents as positive rather than negative, whereas orientation on relations was less positive.

The scores show that the standard deviation of task orientation is slightly higher than in the case of relations orientation. Thus the factor reflecting Germans' attitudes towards their co-workers is more uniform across various organizations, whereas work-related relations vary more. Summarizing the results, the two OC factors initially proposed by Vadi, Allik, Realo (2002) can be also distinguished on the basis of the data of the present study.

The methodology of the study enables measurement of the respondents' socio-demographic parameters, so it is possible to investigate how the perceptions of OC depend on an individual's socio-demographic pattern. According to the analysis of variance of various groups, several relationships are valid for the task orientation of OC (see Table 3). Thus among the people who are considerably more highly task-oriented are the employees holding managerial positions, people who are older than 45 years, and people who have worked in the same company for more than 20 years. The higher-than-average employee's task orientation of managers is not surprising, as the same findings have been reported in international surveys (Brodbeck, 2000, p. 19) both in the German context (Rosenstiel, Nerdinger, 1995, p. 49) and in Estonian organizations (Vadi *et al.*, p. 21).

Table 3. Differences between the task-orientation perceptions of various socio-demographic groups

Group of respondents	Task orientation			
	mean value	st. deviation	F	p
Position				
managers	6.78	1.39	12.74	0.00
specialist	6.96	1.07		
regular employees	5.94	1.39		
Age				
up to 35	6.25	1.36	6.56	0.00
36–45	5.98	1.37		
over 45	6.82	1.40		
Time of working in the company				
up to 10 years	6.02	1.43	9.44	0.00
more than 10 years	7.06	1.16		

According to the table, younger people are less oriented towards organizational objectives. It might have been expected that younger people, being career-oriented, would as well be more task-oriented. Thus the low task orientation of younger people may be the sign of post-materialistic value orientation among younger people, who are more concerned about independence, self-realization and pleasurable life than about orientation towards task. The high task orientation of the people who have worked in a company for over 20 years may be explained by the high proportion of managers in this group: managers are very concerned with being oriented to organizational goals and promoting high motivation among employees. Based on the present sample, orientation to task does not depend on gender or level of education.

Analysis of the relations between relationship orientation and socio-demographic factors shows that young people and managers are less oriented towards relations with co-workers (see Table 4). The organizational relations in terms of other socio-demographic factors are homogeneous.

Table 4. Differences between the relation orientation perceptions of various socio-demographic groups

Group of respondents	Relation orientation			
	mean value	st. deviation	F	p
Position				
managers	4.35	1.17	6.56	0.00
other employees	5.94	1.39		
Age				
up to 35	3.97	1.23	18.27	0.00
36–45	4.70	0.82		
over 45	4.93	0.99		

To sum up the results of the survey, the score of OC task orientation is much higher than that of relations orientation in the organizations studied (6.3 against 4.5 on 10-point scale). The difference is especially drastic for the managers (6.8 against 4.4). This fact points at the fact, which was also detected by previous studies of German organizations: many German companies promote orientation to product quality and performance rather than to relations; as a result, employees are strongly oriented to their task, whereas their emotional relationship with the organization is not strong.

Two OC orientations have been distinguished in the German companies studied, namely, task and relations orientation. These orientations correspond to the theoretical statements discussed thoroughly in the paper by Vadi, Allik, Realo (2002) as well as with studies of German organizations presented previously in this paper. On the other hand, a statistical analysis shows that factor solution is reliable in the German context, and can thus be used hereafter either alone or in combination with other research instruments.

The OC measurement instrument whose reliability in the case of German organizations was proven in this article, has also been successfully tested in Estonian, Russian and Finnish organizational contexts. The availability of multinational data on OC presents an opportunity for cross-national OC comparisons. The comparisons can serve two objectives. Firstly, the comparisons of OC across nations may be useful for business managers planning to start business with the aforementioned countries and wish to know the differences in the cultural aspects between organizations. Secondly, the collected OC data might be useful for educational purposes, for example, when teaching cross-national management. In the latter case, the possibility to compare organizational cultures may provide a deeper understanding of the consequences of interactions between organizational members who belong to the different cultures.

Even though the presented method for OC measurement is reliable in the context of several countries, there are several limitations to cross-national comparisons based on available data. The limitations are caused by sample composition of available data. For example, in the German context, organizations of very different backgrounds are surveyed, whereas the structure of the sample does not fully coincide with the samples of the OC surveys conducted in Estonian, Russian and Finnish organizations. Thus comparing the German data with other countries' data will not ensure congruous with the samples. The solution to this problem might be comparison across certain industries, or collection of additional data comparable to the already available material.

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KOKKUVÕTE

Saksa organisatsioonikultuuri hindamine

Janita, Andrijevskaja, Maaja Vadi

Saksamaa organisatsioonikultuuri uurimine on aktuaalne nii rahvusvahelises perspektiivis kui ka Eesti riigi seisukohalt. Saksa ja Eesti kultuurid on olnud seotud aastasadu, ning arvestades Eesti liitumist Euroopa Liiduga ning järgnevast liitumist Euroopa Rahaliiduga, on riikide majandussuhetel suur potentsiaal. Üheks tõhusa ettevõtetevahelise koostöö eeltingimuseks on võõra kultuuri tundmine nii rahvuse kui ka ettevõtte tasandil. Saksamaa rahvus- ning

organisatsioonikultuuri tundmine võimaldaks Eesti juhtidel paremini ennetada või ületada juhtimiskonflikte, mis võivad tekkida koostöö käigus Saksamaa ettevõtetega. Ka Saksamaa ettevõtete juhtide jaoks on teave organisatsioonikultuuri kohta oluline.

Käesolevas artiklis uuritakse Saksamaa organisatsioonikultuuri. Organisatsioonikultuuri hinnangute mõõtmiseks kasutatakse meetodit, mille on välja töötanud oma doktoritöös professor Maaja Vadi. Küsimustik, millele uurimuses osalenutel paluti vastata, koosnes 43 väitest. Eesti ettevõtete organisatsioonikultuuri hinnangute statistiline analüüs võimaldas eraldada kaks faktorit, mida nimetati ülesande- ja suhete- orientatsiooniks (Vadi *et al*., 2002). Organisatsioonikultuuri kahe orientatsiooni määramine baseerub E. H. Scheini (1992) ning R. Harrisoni (1995) poolt välja töötatud teoorial.

Organisatsioonikultuuri uurimise metoodika võimaldas faktoranalüüsi alusel kindlaks määrata organisatsioonikultuuri kaks dimensiooni: ülesandele orienteeritus ning suhtlemisele orienteeritus. Ülesande faktor koosneb 11 tunnusest ning suhete faktor 9 tunnusest. Leitud faktorite kvalitatiivne ning kvantitatiivne struktuur erineb oluliselt faktorite struktuurist, mis määrati Eesti andmete põhjal (Vadi *et al*., 2002). Määratud organisatsioonikultuuri faktorlahendus on statistiliselt usaldusväärne. ANOVA tulemuste analüüsimisel selgub, et orienteeritus ülesandele ja/või suhetele sõltub inimeste positsioonist ning vanusest.

Appendix 1. Systematization of empirical OC studies in Germany, 1994–2003

Author, year	Methodology	Conclusions
Barth, M. 1998	Not available	1.Change of values in Germany leads to change of the OC function (from normative to instrumental). 2. People are content with weak OC.
Bayer, H., Fehr, U. 1996	Questionnaire, interviews, workshops, case studies. 18 large companies	1. The OC of traditional German industries is rigid, bureaucratic, authoritarian, collegiate. 2. Employees seek more participation. 3. In new sectors, the org. values are – to be modern, creative, dynamic.
Eckstein, J. 1997	Qualitative analysis. Secondary data: empirical study of Krüger (1994), KOMPASS model	1. Considerably weak action-symbolism in West German organizations. 2. Strong subcultures detected. 3. Some organizations are strongly influenced by American management approaches.
Fischer, H., Steffens-Duch, S. 2000	Questionnaire, interview, focus-groups, questionnaire. Two banks, 1096 r.	1. In both banks employees are characterized as competitive and assertive in their task orientation. 2. Strong subcultures detected. 3. Self-realization was more valued in the smaller institution.
Gontard, M. 2002	Interviews, question-naires, case study. One medium-sized company: production industry, 283 r.	1. Task orientation – strong org. value. 2. Most important working values: good working conditions, to be supported. 3. The working record with a company is negatively correlated with support of the organization.

Appendix 1 continued

Author, year	Methodology	Conclusions
Graf, A. 2000	One large-sized company, 472 r.	1. The reorganization process caused decrease of employees' trust. 2. Managers failed to establish clear communication and effective motivation systems.
Krause, A. 1998	Questionnaire, interviews, group discussions. Media company, 973 r.	1. Management is often criticized for authoritarianism in decision-making. 2. Insufficient communication of working tasks, organizational plans, and changes.
Krause, A. 1998	Questionnaire, interviews, group discussions. Media company, 973 r.	1. Management is often criticized for authoritarianism in decision-making. 2. Insufficient communication of working tasks, organizational plans, and changes.
Lässig, A. 2002	Questionnaires (1996, 1998), interview. One organization, 1828 r.	1. Change of org. processes (new communication, remuneration systems) causes change of OC. 2. Management of OC brought only small changes.
Mareé, R. 1997	Questionnaire. Industries: chemicals industry, electronics, food processing, 147 r.	1. Strong subcultures detected. 2. Employees with a longer working record support the organization less. 3. Employees are content with the degree of independence, but seek more information.

Appendix 1 continued

Author, year	Methodology	Conclusions
Opresnik, M. O. 1999	Case studies, studies of Hofstede (1990), Trompenaars (1994), Hoffmann (1989)	1. OC and individual values in Germany cause org. inflexibility, rigidity. 2. High bureaucratization, formalization, risk-consciousness are detected. 3. Strong communication rituals, many written rules.
Pflesser C. 1999	Questionnaire, interview, content analysis. Sectors: machinery, electrotech-nics, insurance, 160 r.	1. Artifacts enforce market-oriented org. effectiveness, but they are rarely used. 2. Org. values supporting market orientation are: innovation, flexibility, openness of internal communication.
Poech, A. 2003	Questionnaire. Industries: automobile, chemistry, pharmacy, services, 1118 r.	1. Employees who often communicate proposals on org. improvement evaluate OC more positively. 2. High org. innovativeness is related to a larger quantity of applied proposals on org. improvement.
Rohrmoser, H. 1997	Interviews, observations. Siemens AG	1. Change of OC needs clear and open communication and strong managerial support.

Source: Composed by the author

Notes: org. – organizational, r. – respondents

3.3. CONCEPTS OF CROSS-CULTURAL ORIENTATION: A COMPARISON OF LATVIAN AND GERMAN BUSINESS CULTURES

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Introduction

More than 50% of all national and international mergers and acquisitions fail to live up to the hopes and expectations of their initiators and collapse in the first four years of their existence (Cartwright, Cooper, 1992). The main reason for these sad statistics is very often not the "hard facts" (such as the implementation and correct usage of the market and technology factors), but the clash between different organizational cultures (Thomas, 2003).

At first it is necessary to explain the terms "national culture", "organizational culture" and "business culture" that will be explored in this article. National culture can be defined as an orientation system shared by a large number of people who belong to one nation by their birth or just by the feeling of being assigned to and that has been historically developed and taken for granted by its members. Moreover, every member of the orientation system is influenced by this system and participates in its creation at the same time (Thomas, 2003). Organizational culture in its turn is "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." (Schein, 1992, p. 12)

In order to compare German and Latvian business cultures, which is the purpose of this article, it is crucial to understand the reasons that lead to differences in organizational cultures. "The term organization automatically implies leadership – people in authority who write the rules for the system" (Lewis, 1996, p. 66) Schneider and Barsoux (1997, p. 64) mention the values and beliefs of founders and leaders of enterprise as the first cause that makes corporate cultures unlike. This point of view is neither original nor new; the influence of managers' attitudes on their behavior which in turn affects the attitudes and behavior of their employees (having an effect on the culture of the organization involved) was already stated by Douglas McGregor, a classical American management theorist, in his eminent "X Y Management Theory" (1985). Schein (1992), a recognized guru of the organizational culture science, also emphasizes the role of the leader in the creation of organizational culture. Consequently, as the superiors of organizations build their beliefs and attitudes in accordance with the national culture they are raised in (Child, 1981; Laurent, 1983; Adler, 1997; Hofstede, 2001; Thomas, 2003) the impact of national culture on organizational culture becomes even more evident.

As a result it may be concluded that organizational culture has to be examined only in the context of particular national cultures. Since the 1970s several cross-national studies of organizations have been undertaken in order to reveal the impact of national culture on organizational structures and cultures (Lutz, 1976; Gallie, 1978; Sorge, Warner, 1986; Maurice *et al.*, 1986; Jürgens *et al.*, 1989; Lane, 1989; Heidenreich, 1990; Whitley, 1991; Heidenreich, Schmidt, 1991).

The most fundamental studies in this field were provided by Hofstede (1980, 1991, 2001), Schwartz (1994) and Trompenaars

(1998) who produced several cultural dimensions in order to reveal, explain and comprehend the cultural differences existing between various nations.

Trompenaars' cultural dimensions (1998). The research was conducted over a 10-year period and comprised 15,000 interviews. The participants responded to questionnaires that asked a range of questions designed to identify how cultural values would influence people's decisions when faced with a choice of behavior.

Trompenaars (1998) distinguishes organizational cultures in two dimensions: Power priority versus Role dominance and Task orientation versus Person orientation.

1. Power priority: in Power-oriented corporate culture "the leader is regarding as a caring father who knows better than his subordinates what should be done and what is good for them" (Trompenaars, 1998, p. 139). Authority is based more on personal charisma than on professional achievements. The bond between an employee and his/her boss is created on the basis of mutual sympathy or at least definite respect from the side of the subordinate that depends much more on the personal than professional qualities of the superior. Thus managerial status is ascribed to the higher position and not achieved in terms of professional accomplishments. As a consequence, universal rules are not being implied here, moreover, certain conduct is modified for the particular situations and particular persons.

2. Role dominance, on the contrary, means that subordinates are obeying their boss not because of his/her charisma and special capabilities, but because of the legal authority that is prescribed to the superior. In this type of corporate cultures everyone is working according to instructions; otherwise the system could not function. In Role-oriented corporate cultures the superior "is only incidentally a person. Essentially he or she is a role. Were he to drop dead tomorrow, someone else would replace him and it would make no difference to your duties or to the organization's

reason for being." (Trompenaars, 1998, p. 148) Accordingly, an authority in this kind of an organization achieves his/her status by means of professional accomplishments and not because of personal magnetism as it is in power-oriented cultures. However, as soon as an official position is gained (based on the achievements and experience during the previous career), subordinates will implicitly accept the authority of the superior, ascribing the status to the role. Specific relationships mean that there is a strict separation between personal life and professional sphere. Thus in Role-oriented cultures colleagues seldom engage in shared free time activities. Because of the abovementioned differentiation between personal and professional fields, employees do not take criticisms in a personal way.

3. Task orientation: in organizational cultures that tend towards Task orientation, the emphasis is on the achievement of the best results even if it demands the sacrifice of personal relationships. In a Task oriented organization, an employee has to be competent and fully qualified for his or her position, because the main goal of this type of organization is the best accomplishment of its mission. As a consequence, Task-oriented corporate cultures are impersonal: "people or 'human resources' are conceived of as similar to capital and cash resources. People of known qualifications can be planned, scheduled, deployed and reshuffled by skill sets like any other physical entity" (Trompenaars, 1998, p. 151).

4. Person orientation: here, on the contrary, the priority is on the maintenance of good personal relationships. Thus the creation of a friendly atmosphere at the workplace is of a great importance. Employees are feeling like one big family, reminding Power-oriented cultures. Because of the emphasized importance of relationships between the colleagues, "they may be motivated more by praise and appreciation than by money. Pay-for-performance rarely suits well with them, or any motivation that threatens family bonds." (Trompenaars, 1998, p. 147) In the Person-oriented cultures employees do not hide their emotions, and argumentation

not always depends on logic and facts, but more often on affective grounding (Trompenaars, 1998).

The purpose of the present article is to examine Latvian business culture in the context of the cultural orientation systems devised by Trompenaars (1998) and compare it with German business culture. It provides a pilot study on Latvian business culture regarding the national specifics of this country. Since Latvia gained independence from the USSR in 1991, international business relations between Latvian and foreign entrepreneurs have been increasing steadily every year. Moreover, as Latvia entered the European Union last year, cross-cultural contacts and international communication became routine practices in the majority of Latvian enterprises. Thus the need to define and comprehend Latvian business culture has gained in importance. It is a given that during the Soviet rule, no studies on Latvian business culture were conducted, nor was there any emphasis on cross-cultural research and its impact on management practices. Regrettably, no such discussion has taken place in recent years either. The only work addressing Latvian business culture published in Latvia was written by an English author John Mole (2003), and there are barely three pages that are devoted to this problem. The present paper seeks to fill this gap by examining the basic systems of cultural orientation in Latvian organizations and comparing them with German business culture. Germany was chosen as an object of comparison because the economic dominance of this country in Europe is unquestionable (Hickson, 1997) and because the number of German companies investing in the Latvian economy has increased considerably in the last few years, creating a demand for coherent information about the Latvian business environment.

Method

As this enquiry is an experimental study on Latvian business culture, which has to be continued in the future, the qualitative research method was chosen as a tool for analysis. The reason for the selection of qualitative instead of quantitative analysis is that no similar study on the Latvian business culture has been conducted until now and qualitative methods allow gathering a maximum amount of initial information necessary for further exploration, whereas structured surveys are restricted by precisely defined questions with multiplied answers (Alvesson, Sköldberg, 2000). Thus, in order to build the general concepts and preliminary comprehension of the subject, content analysis of semi-structured interviews with Latvian managers was opted for as the most appropriate method to make inclusive statements about Latvian business culture. Moreover, as the cultural orientation is relative rather than absolute phenomenon and thus is better comprehended in comparison with other cultures (Hofstede, 1980; Hall, Hall, 1990; Trompenaars, 1998; Adler, 1997; Hodgets, Luthans, 1998; Matsumoto, 2000; Thomas, 2003), the following study provides a comparison of Latvian business culture with German culture. Information about Germany was gathered from a review of relevant literature (Child, Kieser, 1979; Lawrence, 1980; Hall, Hall 1990; Nuss, 1993; Warner, Campbell, 1993; Adler, 1997; Mole, 2003) and from the results of similar empirical studies (Heideneich, Gorman, 1995; Brück, 2002; Schroll-Machl, 2003; Thomas, 2003).

The analysis was structured using the framework of cultural dimensions devised by Trompenaars (1998). The interview questions were adapted from Trompenaars' two main dimensions of organizational culture – Power priority versus Role dominance and Task orientation versus Person orientation. However, to create a complete picture of Latvian business culture, additional questions related to Time orientation and Collectivism-Individualism dimensions were asked. Semi-structured interviews were conducted with eight Latvian managers from large, small and medium-sized enterprises. The interviews lasted approximately 40 minutes each and were all tape-recorded. The taped interviews were then transcribed verbatim. These transcriptions were then content analysed according to the dimensions noted above using the method of open and axial coding, and the answers to specific questions were tabulated. The interviewees were selected so as to represent as broad a range of the executives as possible, taking into account the restricted number of interviews: managers of international enterprises as well as managing-directors and owners of smaller unmitigated Latvian firms were questioned. The questionnaire consists of five blocks of questions (see Appendix 1).

Results

Person-Task Orientation: The empirical study on Latvian business culture revealed that Latvian managers and their employees are more inclined towards Person orientation than Task orientation. In German enterprises, on the contrary, Task orientation is an evident priority (Schroll-Machl, 2003). Breidenbach (1994) even defines Germany as a prototype for meritocracy (Leistungsgesellschaft). Achievement is one of the main values in the German society in professional but also in personal spheres (Lawrence, 1980). In some aspects of business culture Latvian interviewees showed similar points of view with their German counterparts.

Regarding status as the characteristic of Task orientation Latvian managers agreed that this factor does not play a great role in decisions taken by personnel management:

> *"No. I don't pay attention to the prestige university degree at all. It may happen that a person has graduated from three universities and has PhD degrees, but is ignorant and brainless. The most important factor for me is that the person is intelligent and bright and you can't get these qualities from any so-called prestige university."*

"A university degree does not prove the ability to work in our enterprise. The only thing that it shows is the capability to reach a certain goal in a long term. For that reason I find it better to recruit graduates. But, as I told before, it is not a priority. As for the prestige of a university, we do not pay attention to it at all."

Another similarity between Latvian and German organizational cultures that speaks in favor of Task orientation in both countries is in the accepted reward systems: seven of eight interviewed managers mentioned that they had Pay-for-Performance salaries at their enterprises. This payment system is widely recognized in Germany as well (http://www.eurofound.eu.int/index.htm). Moreover, for the majority of the respondents, for the recruitment of new personnel, the professional qualities of a candidate are of greater importance than the personal ones, which is quite similar by the German perception. Nevertheless, some considerable differences were discovered between the two compared business cultures. Namely, according to Schroll-Machl (2003) Task orientation in Germany means that emotions have to be controlled; a professional approach is characterized by orientation on goals and the ability to support one's arguments with facts. Thus resolving conflicts and making decisions, Germans operate with carefully gathered data and statistics and never with emotional or irrational reasoning. Moreover, during meetings or business discussions voices are never raised, otherwise the partner would be considered as a bed-mannered (Hall, Hall, 1990). Our analysis of Latvian business culture displayed that Latvian employees, on the contrary, are inclined to be rather Affective and emotional. There were three questions in the interview that belonged to the Affective-Neutral dimension and the entire interviewed cohort of managers showed surprising consensus answering these questions. For example, everyone admitted that at least the majority of their subordinates do not conceal their emotions at the workplace. Moreover, asked if his subordinates showed their emotions at work, one of the managers mentioned a particular case that may serve as a good example:

> *"Yes, they do. Especially they show their excitement. Actually there is a cliché that Latvians are cold and un-*

emotional. But it is not true. I have heard from many friends who are managers in other Latvian firms that emotions very often get high at the workplace. And I can tell one example from my own experience as well. Namely, once there were two secretaries who had a row and refused to come to work for several days because they were so angry with each other! And no one could do anything about it....”

The next question was if sometimes during conflicts someone raised their voice or ran out of the meeting room. Here again the answers were very homogeneous: although it is not usual that someone would run out of the meeting room, all managers admitted reluctantly that the conflicts are as a rule solved rather emotionally. This impassioned behavior of Latvian employees leads to the rejection of facts as means of argumentation and a tendency to operate with irrational, emotional reasoning:

“...and I can tell that it is common to play on the emotions during the conflicts. Unfortunately sometimes when my subordinates fail to find appropriate arguments to support their point of view, they start to be very emotional...”

Another manager stated a very similar opinion about his employees:

“They try to base their argumentation on emotions and not on the facts. I am attempting to teach them to support their decisions with data. There are some people who are very hot-headed.”

Such tempted behavior clashes with the rational German approach and may cause misunderstandings or even conflicts between Latvian and German colleagues.

An overwhelming Task orientation in German organizations explains the fact that the creation of a friendly, warm atmosphere at the workplace is less important than aiming to the best performance. Relationships with your colleagues and superiors do not have to influence the professional achievements. If you like your boss, it may be your advantage, but it cannot be the main reason for coming to work every morning (Schroll-Machl, 2003).

At the same time, Latvian managers view the creation of a friendly atmosphere as their primary task. The following statement illustrates the general opinion of the interviewees:

> *"Yes, we do everything we can to make sure that people feel themselves comfortable on their job. And I think that we are succeeding in it. The policy of our enterprise is that human resources are the most relevant for us and we are trying to do our best to satisfy the needs of our personnel."*

Furthermore, considerable differences in the perceptions of German versus Latvian managers in terms of Person-Task orientation arise from the attitude towards rules and regulations. According to Nuss (1993), Germans believe in the general logic of laws. If a law has been written, there was a good reason for it, even if it is not evident to everyone at the first moment. Rules are not doubted in Germany even if they are not appropriate for a particular situation. If we start making exceptions every time that some statute does not fit the situation, the whole system will collapse (Brück, 2002). Latvians definitely do not share such a position: in Latvia people are not disposed to following the rules just because they exist, without questioning if they suit the particular situation, especially when no punishment for an illegal action is expected. For example, Latvian managers would not mind making forbidden maneuvers if it did not harm their managerial position. People are more inclined to cheat whenever there is a favorable chance without recognizing it as fraud, which may make them corrupt and untrustworthy in the eyes of their German associates. On the other hand, Germans, due to their universalistic perception and reliance on rules in all situations may seem naïve, cold-hearted and untrustworthy to Latvians because they even do not help their friends when they have all opportunities to do so. In addition, interviewees confessed that Latvian managers are not punctual at their work and they usually differentiate between important and unimportant meetings, deciding when they can afford to be late. Such behavior can also be viewed as a rejection of the rules. For Germans harmony and success may arise only from law and order (Nuss, 1993). Thus *die Ordnung* is one of the most important values in both private and professional spheres of life. If we start to differentiate friends and relatives from other people and treat them differently, regardless of the rules, the world will turn into a chaos. It may be suggested that the people who tend to help their beloved ones despite the general rules are viewed by the German side as dishonest. For example, to have members of a family work in one office in Germany is seen as a disadvantage because if harms the efficiency of an organization if the relationships between colleagues become impersonal (Adler, 1997).

On the contrary, in Latvia it is habitual to treat friends and relatives otherwise than strangers, which may seem like abnormal behavior to Germans. If Latvians have an opportunity to support their friends using their professional benefits they will definitely do it, because there is a belief that people have to help their beloved ones:

> *"I would try to help my friends and relatives when it is possible. But I would not risk my professional position for that reason either."*

Moreover, in the small and medium-sized Latvian organizations, family members working in one and the same office is a common practice. However, managers of international enterprises stated that the policy of their headquarters did not allow such performance and these rules are obeyed.

The main differences and similarities between Latvian and German organizational cultures considering Person-Task orientation are illustrated in the Table 1.

Table 1. Comparison of Latvian and German business cultures according to the Person-Task orientation; derived from the interviews with Latvian managers and literature analysis on the German business culture

Cultural features	Latvians	Germans
Equal treatment of friends and strangers	No	Yes
Being late for insignificant occasions	Yes	No
Reliance on Rules	No	Yes
Showing their emotions at work	Yes	No
May raise voice during the meeting or conference	Yes	No
Build argumentation only on facts and logics	No	Yes
Prestige of the college graduated from is important	No	No
Pay-for-performance reward system	Yes	Yes
Usually late	Yes	No
Creation of friendly, family-like atmosphere at the workplace	Yes	No

Power-Role orientation: This dimension incorporates Ascribed versus Achieved apprehension of status and Specific versus Diffuse cultural orientation systems. Interviews with Latvian managers did not articulate any clear-cut conclusions about Power-Role orientation in Latvian organizations; thus the urgency of further study is evident. However, after the analysis of interviews it was possible to conclude that Latvians are relatively more inclined to Power orientation than to Role orientation. Nevertheless, the answers to some questions pointed out that in particular circumstances Latvian managers tend to be Role oriented.

German organizational culture in its turn can be defined as clearly Role oriented (Trompenaars, 1993). Here everyone is doing his task and authority depends exclusively on the professional qualities and not on the personal charisma. As a result, in Germany individuals do strictly separate their private lives from their professional activity. According to Schroll-Machl (2003) Germans are completely different at home and at work. They devote themselves fully to the tasks they are doing during the day at their workplace and they relax with the same enthusiasm when the day is over. Latvians as well as Germans separate their personal lives from professional activities; however, Latvian managers admit that it is not always possible. Several managers articulated the same thought that can be stated as a quotation:

> *"Well, yes, I try to separate my work from my personal life when it is possible. But sometimes it is not possible."*

While in Germany the contacts that are held at work grow into personal relationships very rare if ever (Schroll-Machl, 2003), in Latvia it is a common practice: all interviewees recalled some situations when their customers or business partners became their friends or at least acquaintances. Here significant differences between Latvian and German organizational cultures were revealed, allowing us to suggest that Latvians are relatively more Power than Role oriented. For example, employees in Latvia would rather lie and make up some false story than frankly refuse helping their superior in doing some personal favor:

> *"He will lie that he can't do it, because of some circumstances. But he will never tell it straight to my face that he doesn't want to, no. I am their boss after all. They cannot refuse helping me."*

Such behavior does not arise from the general politeness, as it is customary in Asian countries; Latvians are able to refuse helping their friends or strangers: such rejection is not viewed as bad manners in everyday life. Thus it may be concluded that in Latvian organizations a superior does not lose his power to enforce obedience outside office as it is in Germany, where individuals are just playing their certain roles during the working day and leave these prerogatives when the day is over. These discrepancies between German and Latvian cultures grow into another dissimilarity: Latvian managers noted that their subordinates sometimes take unprejudiced criticisms personally. This behavior of Latvian employees enforces executives to indirect disapproval: namely, interviewees pointed out that the tone and the message of the disapproval depend on the employee's personality and on what kind of mistake has been made, which is in great contrast with the German approach of "constructive criticisms".

As stated above, Power-Role orientation correlates with Ascribed-Achieved status apprehension. Namely, members of Power oriented organizational cultures tend to view status on the basis of ascription, while in Role-oriented organizational cultures status is a matter of certain achievements. Thus examining Latvian business culture, some questions relating to the status perception were asked. For example, all the interviewed managers pointed out that in Latvia personal appearance is of crucial importance. Moreover, it has to be mentioned that it is a common trend in Latvia that people are not negligent about their clothes and they evaluate others on the basis of their appearance as well, which speaks in favor of ascribed status. In addition, in the countries where status is believed to be ascribed to the members of society, it is crucial for the employees to know everything in their professional field; it is a shame to admit that a professional does not know something concerning his sphere (Trompenaars, 1998). Thus the managers were asked if their subordinates would be able to answer frankly that they did not know something that was asked by their manager or they would try to equivocate. The following quotation illustrates the general sense that arises from the entire body of answers:

> *"They will try to answer anyway, that is for sure. No one wants to admit that they do not know something."*

The main differences between Latvian and German business cultures in terms of Power-Role orientation are summarized in the following table.

Table 2. Comparison of Latvian and German business cultures according to the Power-Role orientation as derived from the interviews with Latvian managers and analysis of literature on German business culture

Cultural features	Latvians	Germans
Separation of private from professional spheres	Yes	Yes
Business partners may become friends	Yes	No
Superiors may interfere in the private sphere	Yes	No
Direct criticism	No	Yes
Appearance is a matter of a great importance	Yes	No
Expect to know all the answers	Yes	No

Individualism versus Collectivism: Some additional questions were asked regarding this dimension to receive a possibly more complete picture of Latvian business culture. This examination, though, did not involve a deeper investigation of Individualism-Collectivism tendencies in Latvian and German organizational cultures.

The interviews revealed that Latvian business culture may be defined as slightly more collectivistic than individualistic. However, like all the discoveries within this study, this statement as well is only a hypothesis that needs to be proved by further research in the future.

According to Trompenaars (1998), Germany tends to be more an Individualistic than Collectivistic country. Nevertheless, its ranking in Individualisms is not very high. So it cannot be stated that

Germany is typically individualistic; thus it is only an inclination. As a consequence, in Germany everyone is responsible for his/her own performance; such things as "collective responsibility" do not exist here (Hall, Hall, 1990). Moreover, only 14% of Germans prefer to work collectively (Trompenaars, 1998). However, decisions have always been made by consensus and never individually, and thus require a long time (Hall, Hall, 1990).

According to the interviews conducted with Latvian managers, there are many similarities between Latvian and German business cultures in terms of this dimension. For example, collective responsibility is appreciated neither in Latvian nor in German organizations; usually there is one person who is accountable for the performance of the group even in case of team projects:

> *"The captain of the group is responsible. It is completely wrong if the whole group has to answer for the mistakes made when there was an appointed leader."*

> *"Well, responsible at the end is a team leader. There is always the one who is responsible for the project and others are just doing what he is saying. So it would not be wise to punish everyone in the group."*

> *"Certainly the captain is responsible. There always is the one who is responsible. And I try to find him to make sure that he will not make the same mistake next time."*

Still, there are also some differences that illustrate Latvian culture as a bit more collectivistic. In particular, Latvians work in groups more willingly than German associates. Namely, all the respondents stated that group work is popular and appreciated among their subordinates. In addition, it seems that the colleagues' opinion is more important for Latvians than for Germans, which is a peculiarity of the collectivistic approach. One of the managers even pointed out that the opinion of the others is important for everyone in Latvia and he told an anecdote that given an opportunity to buy an elephant, a Latvian would consider at first what the elephant would think of him.

Answering the question about participation in the decision-making, managers from the big international enterprises stated that the most significant decisions are made by the consensus of the entire management team, while the managers of smaller firms with purely Latvian capital said that they did not consult anyone when making their settlements. Thus it is impossible to draw any conclusions about the national specifics of Latvian enterprises regarding decision-making because these differences are likely to be connected with the size of the organization; more profound research is needed in the future, distinguishing pure Latvian and international enterprises operating in Latvia as well as sorting the organizations by their size.

The existing differences and similarities between Latvian and German business cultures in terms of this dimension are illustrated in Table 3.

Table 3. Comparison of Latvian and German business cultures according to the Individualism-Collectivism dimension as derived from the interviews with Latvian managers and literature analysis on German business culture

Cultural features	Latvians	Germans
Denial of collective responsibility	Yes	Yes
Preference for team work	Yes	No
Opinion of colleagues is of the crucial importance	Yes	No
Decision making in consensus	In big enterprises – Yes In small – No	Yes

Time orientation: The interviews brought to light that Latvian executives recognize themselves being unpunctual. Almost all interviewees said that they are usually late to meeting and appointments, in contrast with the punctuality and exactness of Germans, which sometimes even grows into obsession. According to this dimension of Trompenaars (1998), Germany is a typical monochromic country where the events occur one by one and any turbulence in the sequential order of activities creates discomfort and stress.

Moreover, Hall and Hall (1990) state that time lies at the core of German culture. They continue that "changing plans after things are in place may strike Germans as arbitrary and irresponsible" (1990, p. 35). Time is money and thus instead of being wasted it has to be used wisely. Precise and long-term planning is an important tool of successful management. Moreover, a term "time management" is a determinant for the accomplishments of any aims both in professional and personal spheres (Schroll-Machl, 2003). Thus in Germany everything has to be done in time and punctuality is a hugely important virtue; lack of it is likely to be misinterpreted as an irresponsibility, egocentricity or rudeness (Hall, Hall, 1990).

In comparison to their German counterparts Latvian managers are much less precise. Thus Latvian delays may be interpreted by their German colleagues as negligence and unserious attitude towards their professional duties. Another difference between Latvian and German business cultures appeared in the mode of planning the agenda. Namely, the interviewed executives stated that had flexible timetables because many unexpected events usually occurred during the day. German businessmen, on the contrary, are much less prepared for sudden interruptions into their schedules and abrupt changes create stress and negative emotions (Trompenaars, 1998). Moreover, conversations with Latvian managers displayed that not for everyone time has great worth. Namely, some Latvian managers are not disturbed seeing that their subordinates are wasting their time instead of doing something useful, while in Germany the expression "time is money" is very characteristic and proves to be true in the most organizations. These differences and similarities are summarized in the Table 4.

Table 4. Comparison of Latvian and German business cultures according to the time orientation, derived from the interviews with Latvian managers and literature analysis on German business culture

Cultural features	Latvians	Germans
Usually late	Yes	No
Flexible agenda, prepared for unexpected events	Yes	No
Generally believe that Time is money	No	Yes

Conclusions

The current study on Latvian business culture revealed some crucial differences as well as several similarities between Latvian and German business cultures. To help German colleagues successfully deal in the Latvian environment, ten practical recommendations with interpretations were elaborated in the Table 5.

Cross-cultural studies conducted in the last few decades have proved that the impact of national culture on organizational behavior is evident (Cohen *et al.*, 1980; Child, 1981; Swidler, 1986; Trompenaars, 1993; Heideneich, Gorman, 1995; Adler, 1997; Thomas, 2003).

> *"Does organization culture erase or at least diminish national culture? Surprisingly the answer is no. Employees and managers bring their ethnicity to the workplace."* (Adler, 1997, p. 61)

Table 5. Recommendations to German managers dealing in Latvia

Recommendations	Interpretations
Be prepared for delays and the fact that meetings will not always start on time.	However, if you will insist on punctuality, employees will change their habits, because Latvians usually distinguish between really important occasions where they have to be on time and routine meetings where they can be a bit late. Thus the superior have to explain their position in the matter of punctuality.
Invent some control system.	It is not that obvious in Latvia as it is in Germany that employees have to follow the rules. If there is no control from the superior subordinates may afford to be lazy sometimes. There is a saying in Latvia: "trust them but check them".
Show more tact and diplomacy criticizing your subordinates; do not be as direct and frank as it is habitual in Germany.	In Latvia employees sometimes take criticism very personally and get offended. It is better to say at the beginning some compliments about the achievements of the subordinate and only then start with the negative feedback.
Be prepared that conflicts may be solved rather emotionally.	Colleagues may raise their voices during a meeting or conference if the topic affects them personally; it is not considered as bad-mannered.
Be ready to hear very irrational and provocative arguments when resolving conflicts.	Logic does not always work in Latvian organizations. Similarly, do not be surprised that rational reasoning is not always enough to persuade your Latvian colleagues.
Pay attention to your appearance.	Fashionable and expensive clothes will raise your status in the eyes of subordinates.
Do not refrain from joking at the meetings, conferences and during the daily routine.	Latvians appreciate humor and some fun is expected at the work-place to reduce strain. Even simple jokes are better than overly serious atmosphere.

Table 5 continued

Recommendations	Interpretations
Arrange a team-work project when possible, but always delegate the responsibility to someone.	Collective responsibility is not appreciated in Latvian organizations.
Do not hesitate to talk with your subordinates and colleagues about their families, free time activities, arts and any other preferences; it will make you more trustworthy and reliable in their eyes.	Better rapport will be created with your colleagues and subordinates if you involve in small-talk. If you are very business-like and performance oriented all the time, your Latvian associates will take you for a cold and arrogant person.
Spend some time on building warm and sincere relationships with your subordinates.	Latvians do associate their job with the personality of their superior. In Latvian organizations the creation of friendly, family like atmosphere is one of the most important motivating factors.

Despite the importance of cross-cultural studies, Latvian business culture is still *terra incognita* for foreign entrepreneurs: no serious research has been done in this field and there are very few if any literary resources to provide coherent information about the subject. This paper has been written as a pilot attempt to gather relevant knowledge by examining the basic cultural orientation systems in Latvian organizations and comparing them with German business culture. As a result, some differences as well as similarities were revealed and on the basis of these findings practical recommendations to German managers were elaborated.

The word "difference" has several meanings. The most commonly used one is "being different or unlike". However, another significance of this word is "disagreement or argument, conflict, quarrel" (Elliot, 1997). This second definition viewed in the cross-cultural contest is very pessimistic. The meaning of cross-cultural studies is to ensure that differences that are not avoidable will not lead to serious conflicts. The present study pursues the same goal: it aims to help German entrepreneurs to comprehend and be aware of the most clashing differences between Latvian and German business cultures, thus minimizing the possibilities of quarrels originating in cultural incomparability.

However, all conclusions and generalizations that arise from the study may be stated as hypotheses, because it is evident that more interviews have to be organized and at least the separation between big and small, Latvian and international enterprises has to be provided. Moreover, the need to distinguish between several branches may arise during further analysis. Thus it is apparent that a lot of work has to be done in the future in order to define Latvian business culture and to draw any firm conclusions. Nevertheless, this study may serve as a starting point for further, possibly quantitative research on Latvian organizational and business culture.

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Appendix 1. Some examples of interview questions

General questions about personnel management, motivation, payment system:

In your personal opinion, what is the best way to recruit new employees?

Which recruitment mode is more common in your organization?

Questions according Person-Task orientation:

Are you trying to create a warm, family-like atmosphere at your workplace or would it only handicap the productivity of work and your prestige as a boss if everyone started feeling like at home?

Do your subordinates show their emotions at work?

Questions according Power-Role orientation:

Do you strictly keep your private life separate from your work or is it a very important part of your life that you can't isolate from your other activities?

Have you experienced that your business partners or customers became your friends?

Questions according individualism versus collectivism:

Is teamwork common in your organization?

If there are some teamwork projects, then in case some mistake has been made, who is responsible for that – the captain of the group or the whole group?

Time orientation:

Do you have a harsh agenda you always stick to?

Are you punctual at your job?

Are you or your boss displeased when your subordinates are having too long coffee brakes?

3.4. "WHAT DOES 'INTEGRITY' ACTUALLY MEAN?": HANDLING AMBIGUITY IN MNCS' GLOBAL CORE VALUE INITIATIVES

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Introduction

The paper is based on a pragmatic factual observation: despite well-known challenges and impediments, a considerable number of multinational corporations (MNCs), particularly in Central Europe, currently commit substantial means and efforts to the creation and implementation of global core values. Their global core value initiatives are commonly seen by managers as effective means to develop an MNC-wide shared organizational culture across national and organizational divides.

The paper focuses on global core values catalogs and in particular on how actors in the recipient units – international subsidiaries – perceive, (re-)interpret, accommodate and potentially adopt them on a micro level. Since the core values are mostly formulated in an abstract way, we particularly investigate how, at the local level, actors react to or make use of the ambiguity and indeterminacy arising from the imprecise formulation of the core values in their daily business practice. Based on a qualitative study of two German-based MNCs in Japan, we will identify two different paths or attitudes regarding the handling of ambiguity: (i) the organizational actors accept and freely embrace the indeterminacy built-into global core values catalogs, and (ii) the local actors develop structures and processes to eliminate any notion of indeterminacy.

The study draws on Meyerson and Martin's (1987) theoretical three-perspective framework, which underlines the importance of including an ambiguity view in the research of organizational cultures. We argue in particular that the issue of ambiguity in MNCs' global core values has so far been insufficiently investigated. The still dominating integrative and differentiation perspectives in international business research fall short of understanding the conflicts and indeterminacies arising from core value initiatives at the local subsidiary level.

The ambiguity perspective in the research on organizational cultures in MNCs

From a managerial point of view, the formulation of corporate core values is an important element in the deliberate development, adjustment and integration of an organization's culture. We will therefore situate our investigation of global core value initiatives in the broader literature on MNC organizational cultures, in particular since specific research on MNCs' global core values is still in an early stage of development[1]. Meyerson and Martin (1987) provide a well-established theoretical framework for research on organizational cultures and, which is even more important for our purposes in this paper, include a conceptualization of ambiguity that we will apply to our empirical material in Sections 3 and 4.

[1] To our knowledge, the only substantial volume currently available in this area is the one edited by Cragg (2005), which, however, focuses rather on external (socio-political, legal) than internal effects of MNC core values programs and concentrates on the ethical dimension of global core values.

In order to structure the multifaceted research on organizational culture that has been massively accumulating in books and journals since the late 1970s, Meyerson and Martin (1987; see also Martin, Meyerson, 1988; Martin, 2002) propose a theoretical framework distinguishing between three ontologically and epistemologically profoundly different perspectives of organizational culture research (see also Table 1).

The integration perspective sees *the* culture of an organization as a homogeneous unity. Members of the organization share values, norms and behavioral routines. Organizational culture is assumed to serve the function of "corporate glue" across the functions, divisions, and organizational subunits.

The differentiation perspective rejects the idea of an organization-wide cultural consensus. The organization is seen as a cluster of conflicting, mutually reinforcing or independent subcultures, which, however, are assumed to be internally homogeneous.

The fragmentation or ambiguity[2] view of culture is closely related to the interpretive and social constructivists' approaches in organizational theory. It negates the idea of a permanent, shared consensus on values and meanings. Instead, meanings are seen as being ambiguous and in constant flux, depending on individual or collective sense-making processes (Feldman, 1991; March, Olson, 1976; Meyerson, Martin, 1987; Risberg, 1999; Weick, 1979). Following Risberg (2001, p. 62), ambiguity can be defined as "multiple interpretations that are contradictory, paradoxical and/or inconsistent". Hegemonic discourses, e.g., managerially biased accounts regarding shared values are undermined by the diffusion

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[2] We understand ambiguity following Martin (1992), Meyerson (1991) and Risberg (1999) as a two-level phenomenon: An organization "experiences ambiguity when there is no clear consensual interpretation among individuals". At the individual level, a single actor experiences ambiguity "when she holds multiple interpretations of a situation" (Risberg, 1999, p. 107).

of power among organizational actors and their continuous processes of re-interpretation and re-appropriation of meaning in their local environment. Methodologically, the ambiguity perspective requires an in-depth, actor-centered approach in order to trace the subjective experiences and meaning-making processes of individuals and groups (Geertz, 1983; Martin, 2002; Risberg, 1999; Schmid, 1996). Martin maintains that, in order to give a full picture of a culture at any particular point in time, all three perspectives are equally relevant in organizational culture analysis (Martin, 2002).

Interestingly, the framework has so far only rarely been applied to research on organizational culture in the international context of MNCs. In fact, Meyerson and Martin (1987) themselves did not extend their discussion to the complex case of MNC organizational culture. Only in the final chapter of her 2002 volume on "Organizational culture: Mapping the terrain" does Martin (2002, p. 349) explicitly address the problem of organizational cultures in MNCs. She particularly emphasizes the need to supplement the dominating integration and differentiation perspectives in studying MNCs' cultural complexity by closely examining the tensions and lacunaes *between* cultural homogenization (integration view) and cultural diversity (differentiation view). Similarly, Schmid (1996) urges the international business research community to adopt the ambiguity perspective when approaching the topic of organizational culture in MNCs. Both Martin (2002) and Schmid (1996) argue that research in this area is still dominated by integration and differentiation perspectives. In Table 1 we will give a brief – and necessarily incomplete – overview of selected literature, addressing the question of organizational culture in MNCs from each of the three perspectives.

Table 1. Research perspectives on MNC organizational culture

	Integration perspective	**Differentiation perspective**	**Ambiguity perspective**
Meyerson, Martin (1987) concept	OC* as homogeneous and "corporate glue"; organizational members share the same values, norms, and understandings	Organization as a cluster of diverse subcultures (assumed to be internally homogeneous)	No fixed cultural consensus at any time; cultural meaning as ambiguous, fragmented, depending on incessant meaning-making processes
Application to MNC OC	MNC-wide shared, "transnational" OC across international subsidiaries	Diverse sub-cultures of MNC subsidiaries, dominated by respective national cultures; OC as a reflex of national culture; national cultures (values) as non-convergent and stable	No harmonious, shared culture on either the MNC nor the subsidiary level; cultural meanings are continuously negotiated in interactive processes inside and across MNC subunits
Selected literature	Harzing, 1999; Jaeger, 1983; Wolf, 1994; Bartlett, Ghoshal, 1998; Marmer-Solomon, 1993; Morosini, 1998; Olie, 1990; Reineke, 1989; Stahl, 2001; Hodgetts, Luthans, 1997; Schneider, Barsoux, 1997; Schneider, 1988	Adler, 2002; Sackmann, 2003; Hofstede, 1997; House *et al.*, 2002; Schwartz, 1994; Trompenaars, 1993; Welch, Welch, 1997	Van Maanen, Laurent, 1993; Schmid, 1996; Kleinberg, 1994; Brannen, 1992; Moore, 2005; Schreyögg, 1993; 2000

Notes: * OC – organizational culture

Table 1 shows that little research is available on MNC corporate cultures from the ambiguity perspective. Most of it has, like Martin's framework, its roots in the field of organizational studies or organizational ethnography – in contrast to the integration and differentiation perspectives on MNC culture, which developed mainly and still persist in the field of international management. Largely due to methodological difficulties, however, organizational ethnographers only rarely venture into the international arena of MNCs (Martin, 2002; Schmid, 1996). Theoretical-conceptual discussions aside (Fischbach, 2002; Schmid, 1996; Schreyögg, 1993; 2000), empirical studies on MNC culture beyond the integration and differentiation view have been contributed by Van Maanen and Laurent (1993), Kleinberg (1994), Brannen (1992). More recently, Moore (2005) has published an ethnography on "Transnational business cultures" which, however, was not available yet at the time of writing.

A common aspect of these contributions is that they argue that in studying organizational culture in MNCs both the integration and the differentiation perspective are too restricted to fully capture the complexity of the phenomenon. Van Maanen and Laurent (1993, p. 283) aptly summarize this fundamental critique: "The problem of all this commonsense organization theory is that it either trivializes culture by reducing its relevance to something which is thought to be fully under control of a few and exported, if necessary or desired, to the many, or it enshrines culture as impenetrable, unique, unfathomable, always local and essentially timeless and omnipresent. Our view of culture is that it is always rubbing against other cultural processes and products. This calls out for a considerably more nuanced view of the workings of MNCs". Inconsistencies need to be seen as normal in MNCs' corporate culture, conflicts as omnipresent, and ambiguity is a given (Schmid, 1996).

Applying Meyerson and Martin's (1987) framework to the study of organizational cultures in MNCs therefore, first of all, requires search for gaps, inconsistencies, and paradoxes in cultural processes. We extend their concept by additionally investigating how actors inside MNCs, including managers, cope with, ignore, eliminate or actively make use of these gaps and ambiguities, e.g., in order to safeguard their own personal interests. Alion-Souday and Kunda (2003), for example, reveal in their empirical paper on identity construction how a group of Israeli actors in an international M&A-process actually exploits areas of cultural indeterminacy to serve their own social goals of cultural segregation vis-à-vis their US-American counterparts.

As stated above, we focus on MNCs' global core value initiatives as an object of investigation in this paper. As we will show in the following section, the formulation of these core values typically creates spaces of ambiguity and indeterminacy *by design*, which local actors can then potentially appropriate and fill with their own interpretations. The application of Meyerson and Martin's framework (1987) allows us to unveil these micro-level processes, which are typically lost in the international business literature on MNC organizational cultures limited to either the integration or differentiation perspectives.

In practice: MNCs' global core value initiatives

Over the last years, many MNCs have established specific programs to foster the development of a shared MNC corporate culture across their global subsidiary network. Apart from the formulation and dissemination of a global core values catalog, they typically include value-based selection, management assessment and development, and in some companies also increasingly sophisticated monitoring and compliance structures. Table 2 gives an overview of the German DAX-30 companies and their respective initiatives, which demonstrates that the creation of global core value programs has, particularly in this region, become a real trend over the last 10 years.

Table 2. Global core value initiatives in DAX-30 corporations

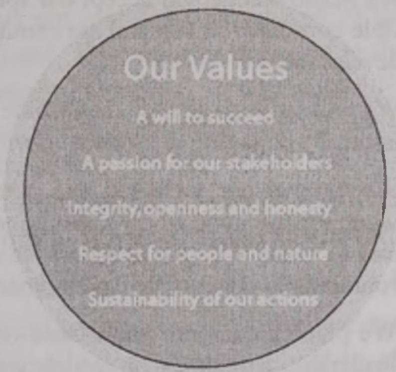
Company name	Year of global core values formulation
Bayer, Fresenius Medical Care, RWE	2004
Adidas-Salomon, Allianz, Deutsche Telekom, E.ON, SAP, Schering, Volkswagen	2003
BMW, Henkel, Metro, MAN	2002
Altana, Deutsche Bank, Deutsche Post	2001
BASF, Hypovereinsbank	2000
Commerzbank, DaimlerChrysler	1999
Siemens	1997
Continental	A core values catalog has been published but we were unable to establish exactly when.
Deutsche Börse, Infineon Technologies, Linde, Lufthansa, Münchener Rück, ThyssenKrupp, TUI	According to our information, the corporation has not published a core values catalog.

Source: corporate websites, annual reports, press reports

The global core values are formulated either top-down by the MNC top and senior management, but in some cases also through a difficult and time-consuming multi-level discussion processes which seek to involve a large variety of employee groups inside the organization. The result of these processes usually consists of a set of four to ten core values which address the company’s relationship to its core stakeholders (shareholders, employees, customers), ethical standards (integrity regarding, e.g., corruption and price-fixing) and fundamental assumptions which the company considers as desirable regarding, e.g., innovation, flexibility, quality orientation, sustainability and corporate social responsibility. Figure 1 displays a typical example of such a values catalog[3].

Figure 1. Bayer group's core values.

Our Values



Common values and leadership principles form the basis for our day-to-day activities.

Our employees throughout the world, with their abundant knowledge and their innovative capabilities, seek to play an active role in shaping the future on the basis of common values.

We respect and value the ethnic and cultural diversity of all the people who work for Bayer, mindful that our success is founded on their skills and their commitment.

We aim to achieve a sustained increase in corporate values in the interests of our stockholders, customers, employees, other business partners and society as a whole.

We seek to retain the confidence of our stakeholders through the quality, performance and reliability of our products and services as well as through integrity, flexibility and openness in all our business dealings. We will strive for continual improvement in all these areas.

Our actions are guided by the knowledge that we can only remain competitive by adapting to changing global conditions. Our customers remain the focus of our activities. We will work with them in a spirit of partnership to create value for both sides.

Our organizational structure encourages individual responsibility and entrepreneurship.

[3] We are unable to reproduce the core values of our two case study companies due to reasons of anonymity. The Bayer group's values, however, are similar in scope, formulation and issues addressed.

Figure 1 continued

We support our employees in both their professional and their personal development, helping them to deploy their skills and their creativity for their personal success and that of our business enterprise.
We acknowledge and accept our role as a socially and ethically responsible corporate citizen and are committed to the principles of sustainable development.
We will strive to actively contribute to the discussion of socially relevant issues by engaging in a dialogue with interested sections of society.
We believe our technical and commercial expertise entails a duty to work for the good of all humankind, to demonstrate social commitment and to make a lasting and positive contribution to sustainable and environmentally compatible development.
We place paramount importance on living our values in our work. The leadership principles on which we assess our managers are therefore based on these values.

Source: Bayer AG corporate communications

By applying Meyerson and Martin’s (1987) framework to the analysis of such a core values catalog, we can easily see that all their three perspectives are implicitly reflected in it. With its attempt to implement a standardized core values catalog on a worldwide-scale and to create a mutually shared cultural orientation the company reveals its fundamental integration impulse. This integration perspective becomes even more visible when the company proclaims the values to be binding for all employees worldwide as does, e.g., the BASF group, and if the homogenization effort is accompanied by supportive instruments such as incentive and compliance programs. The differentiation perspective is evident in the regular inclusion of a statement regarding respect and tolerance for workforce diversity and the different national cultures inside the MNC (see Figure 1: “respect for people”). International subsidiaries are encouraged to maintain their local cultural orientations and thus ensure close and efficient relationships in their respective local market.

Ambiguity is included in a more indirect way: The rather abstract formulation of the core values deliberately leaves considerable scope for local and individual interpretations[4]. How, e.g., "respect for people" is to be understood and put into practice in any of the international subunits is left undefined. This indeterminacy, on the one hand, accommodates regionally, locally or individually diverse understandings and is thus often a prerequisite for local acceptance of the core value initiatives. On the other hand, it allows for a large variety of meanings and practices at the local level, which might counteract the initial integration impulse of the MNC.

Just from this brief analysis of typical values formulations we can conclude that MNCs' core values catalogs tend to respond to all three perspectives of Meyerson and Martin's (1987) framework. What remains to be seen, however, is how the MNCs actually put these core values into practice. In particular, how do the different actors, including the MNCs' management, react to the ambiguity built-into the global core values? Do they (consciously or unconsciously) accept the indeterminacies and tolerate the contradictions and variations arising from local or individual meaning-making processes? Or do powerful groups try to control or even eliminate these areas of indeterminacy? Ambiguity creates complexity in an organization because behavior becomes less predictable when actors hold different interpretations of a specific situa-

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[4] In this paper, we focus on ambiguity arising *inside* the organization as a result of global core value initiatives. The ambiguous nature of such MNC codes or values catalogs with regard to their effects on the larger political, legal and institutional development of the international community is excellently discussed in a recent volume edited by Cragg (2005). In this respect, ethic or value codices function simultaneously as restricting and expanding/legitimizing neo-liberalistic tendencies in the global system.

tion. Ambiguity thus signals a lack or loss of control, which the management, for example, may seek to regain[5].

The two case studies reported in the following section trace the processes of interpretation, adaptation and potential adoption associated with the introduction of global core values catalogs. They particularly address the question of how actors in each of the companies respond to the ambiguity arising from their open formulation. As the case analysis will demonstrate, MNC actors handle these areas of indeterminacy in different ways by either tolerating and accepting ambiguity (case 2) or by trying to eliminate and control it as much as possible (case 1). We trace in both cases:

- how ambiguity through global core value initiatives is created, perceived, evaluated and addressed, and
- how actors, particularly local managements, react to the conflicts and tensions arising from ambiguity, always – as demanded by Zaheer (2002) – from a micro-level perspective.

Empirical study: How two MNCs handle ambiguity in global core value initiatives

Methodology

The case study data derive from a larger qualitative study on cultural integration initiatives in eight German-based MNCs, and particularly on the effectiveness of instruments, such as global core values catalogs, applied by the respective headquarters towards this objective in their German, Japanese and US-American

[5] This negative view of ambiguity as something which needs to be resolved or eliminated is also detectable in much of the earlier theoretical conceptions of ambiguity (e.g., March, 1976; Kahn *et al.*, 1964; see also Risberg, 2001 for an overview).

subunits[6]. From this study, we select two companies and focus on the ambiguity arising in the MNCs' local subsidiaries from one specific global core value in each of the companies. We purposely choose these two cases because they reveal two highly different attitudes towards ambiguity and the way to handle it in organizations.

Data for the two cases reported here were collected in 26 (Chemcorp), and 19 (Foodcorp) in-depth interviews with middle and upper managers in the Japanese subsidiaries and their counterparts in the German headquarters between October 2003 and August 2004. The interviews were conducted in the language requested by the interviewee, tape-recorded and transcribed. The interviews were semi-structured and gave the interviewees the opportunity to freely elaborate on their perception and understanding of those core values that they personally considered crucial or relevant or particularly conflicting.

Case 1: Defining 'integrity' at Chemcorp Japan

As part of a large-scale cultural development initiative at Chemcorp, in early 2002 all the international subsidiaries received from their German headquarters a set of six core values for implementation, among them the following statement regarding integrity[7]:

> *Integrity: We respect the laws, customs and business practices of the countries in which we operate, but do not compromise the principles embodied in this code. Our executives are expected to be role models and set appropriate examples in accordance with our vision and*

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[6] The Bertelsmann Foundation, Gütersloh, generously provided the funding for this empirical study. We particularly wish to thank Simone Lippisch from the Bertelsmann Foundation who coordinated our more than 200 interviews on three continents.

[7] The phrasing has been slightly reformulated to safeguard the company's anonymity.

> *values. We abstain from any practice that is illegal and violates fair trade. We place [Chemcorp's] interests in any business transaction ahead of any personal interests. We protect the company's property against abuse.*

The formulation of the core value is very open; it provides no exact definition, e.g., of what is meant by "fair trade", nor does it specify any concrete behavior for adequate implementation. Nevertheless, during our interviews at the Japanese subsidiary the interviewees frequently referred to this core value as one of the important foundations of their shared corporate culture at Chemcorp. When asked to explain, however, what this value meant for them personally and how they interpreted and evaluated it in their daily work, a variety of understandings, some contradictory, was revealed. The interviewees demonstrated a high degree of insecurity about what the 'right' interpretation of 'integrity' was. We can distinguish between three different sources of ambiguity in this particular case: ambiguity of language/translation, ambiguity of interpretation, and ambiguity of evaluation.

At the very beginning of the implementation phase, it was very difficult for the Japanese managers to actually figure out what the term 'integrity' was all about. Because they received only a German and an English version of the core values catalog, and sufficient foreign language skills are limited inside the Japanese organization, they first had to establish a Japanese translation, which proved to be a lot more complicated than expected.

> *When we had to translate the German version into Japanese, it was very difficult for us to translate the word 'integrity' into Japanese. In Japanese this would be 'se-di-sa' but this is not the right word for 'integrity'. There was a lot of discussion: what does 'integrity' actually mean?*

Apart from the problem of translatability, the interviewees in the Japanese subsidiary also provided highly different, even conflicting understandings of the meaning of 'integrity'. A German expatriate manager exhibited a very clear-cut interpretation: in his view: the value sends out an unmistakable signal against the Japanese business traditions of discussing prices among competitors, and of gift-giving which is commonly practiced between business partners in Japan, also in this company. He considered both practices to be unethical, if not illegal (in fact, price-fixing is against the Japanese law), and thus deduced from the core value formulation the need to discontinue these traditional behavioral patterns. The interpretation strongly reflects the official position of the German headquarters: the local German code of conduct (binding for all German subunits) which is based on the core values catalog not only bans any form of price-fixing but also explicitly forbids the exchange of personal gifts with business partners. This interviewee's perspective leaves no room for other potential interpretations of the core value but is explicitly presented as the only possible understanding, irrespective of potentially diverse traditions and concepts of 'fair trade' in other cultural contexts.

> *Sure, there is an antitrust problem in Asia that is very clear. I also know of some cases in Japan, where industry associations talked about prices. And there we say very clearly, our employees do no longer participate in these things. And, of course, this has not been easy. [...] But this is one of these issues where we as the [Chemcorp] prescribe norms in a centralistic way and say, we do not care about your national culture. We say no to these things and this is the way it is in our company.* (Translated from German)

> *Even if this goes against their local culture, we don't care. They will learn and understand, even if it takes 15 to 20 years.* (Translated from German)

For the Japanese interviewees the situation is much less clear, specifically regarding the gift-giving tradition. Japanese sales managers in particular do not associate their ritualistic exchange of – sometimes rather valuable – gifts with suppliers or customers as immoral or corruptive but instead as a good business tradition and an important element of their successful, long-term relationship with business partners. Their definition of 'fair trade' does not at all exclude the regular exchange of gifts. On the contrary, the "corporation's interests" can in their view only be properly attained if employees participate in established, highly valued and highly symbolic business traditions such as the Japanese gift-giving. In order to illustrate the damaging effects arising from the abolition of local practices, one interviewee describes an unpleasant encounter with a local supplier who felt offended when he tried to reject a gift offered.

At the same time, the identical interview partners also refer to their loyalty vis-à-vis their German parent company and express their fundamental willingness and commitment towards the implementation of corporate initiatives even if they lead to a change in traditional Japanese practices. Because they are members of a foreign conglomerate, the interviewees see themselves as being in any case 'different' from employees of traditional Japanese corporations, and they expect and accept this notion of difference in their own national cultural environment. This loyalty becomes visible in their expressed eagerness ("of course") to comply with the corporate initiative:

> *Before the introduction of the global core values we used to give some fairly expensive presents. And, of course, we did talk about prices. Of course, we cannot do that any longer.*

In addition, several managers from our interviews, including the responsible HR manager, perceive it as their obligation to fulfill the expectations of the German headquarters by adopting the behavioral rules and practices associated with integrity even if they contradict local business traditions. Often, the perceived need to legitimate one's own position with regard to the powerful German headquarters increases the respective interviewee's inclination to understand and appropriate, e.g., the German expatriate's perspective.

As a result, the interviewees feel highly insecure about how to interpret the global core value in their own local environment. Several of them describe their situation as being torn between two opposing forces – their cultural disposition and their organizational identity and loyalty – both of which they consider as legitimate. They no longer know what is right or wrong with regard to their local business traditions and feel unable to take proper decisions regarding their behavior in interaction with business partners. This unclear situation is associated with high levels of individual stress and uncomfortable feelings because the established patterns of meaning and behavior have been called into question through the introduction of the core value 'integrity' and its heterogeneous interpretations.

> *After the introduction of the core values a manager came up to me. And he brought me quite an expensive watch: 'This is a present from my customer. I cannot keep it. What do I do now?'*

Our aim is not only to delineate how global core value initiatives can create ambiguity in multinational organizations but also how actors in the organization respond to and handle these areas of indeterminacy. In the Japanese subsidiary, the local management initiated a whole set of procedures in order to eliminate the insecurities arising from the implementation of the value 'integrity'. It first initiated a series of workshops in which members of the organization discussed their different interpretations of the value 'integrity' and tried to find a common understanding, which could potentially reconcile the conflicting perspectives inside the organization. As a result of this dialogue process, the Japanese agreed on a binding, fairly detailed re-formulation of the value 'integrity', which accommodates the different views by (i) emphasizing the local importance of the gift-giving tradition and (ii) slightly adjusting the gift-giving practice to respond to the headquarters' anti-corruptive intentions. Gifts offered to customers or suppliers are defined as acceptable if they are taken from a limited pool of official corporate presents. Gifts can be received when they are below a certain value and when they are not brought to personal use of the recipient. Instead, the Japanese subsidiary has established an annual procedure where through lottery or auction the presents collected over the year are redistributed among all employees. The written formulation of the agreed Japanese understanding is thus quite precise and, compared to the global core value wording, leaves little room for different interpretations. It has been approved by the German headquarters to ensure compatibility with the global core values.

> *We must respect local business practices in Japan. And it is very common to exchange some gifts with customers in the middle of the year, but also at the end. But with regard to the values, this became increasingly difficult for us. For example, we used to give very generous presents. Then, we developed a 'gift-giving policy', which, on the one hand, conforms to the global values but on the other also to our local practices.*

The subsidiary has established additional processes to support the implementation of the Japanese interpretation of 'integrity'. A little card containing the exact formulation of the value can be used by employees to inform business partners about the company regulations regarding gift-giving in a formal, impersonal way, which is expected to reduce the danger of losing-face when gifts cannot be given or received in the traditional way. A second series of workshops has been conducted to reinforce individual internalization of the adjusted core value and its defined interpretation. In addition, the company has engaged an independent law firm to act as a consultant in situations of individual insecurity. If employees – despite the now very detailed norms of the Japanese reformulation – experience a situation of ambiguity or conflict regarding gift-giving or price-fixing issues which are still occasionally discussed among Japanese managers from competing firms, they can anonymously call this law firm to get advice on the 'right' interpretation of the core value and their 'proper' behavior. In the first year of operation, more than 30 employees made use of this service.

Case 2: Variability of 'humanness' at Foodcorp

> *[Foodcorp] is a human company providing a response to individual human needs throughout the world with specific concern for the wellbeing of both its customers and employees.*[8]

In the second case company, the local responses to the global core values of 'humanness' and 'respect for people' show a pattern similar to the earlier case at first sight. All our interviewees referred to the 'humanness' of the company as a common bond across national cultural divides and a strong transnational element of their identity. The interviewees see themselves as members of a 'family' which is based on mutual respect, trust and the 'human' attitude of the 'family members' wherever they come from.

The perceived integrative notion of 'humanness' is counteracted, however, by highly different understandings of what the term actually means and a subsequent high variability of practices under the joint label of 'humanness'. Several interviewees refer to highly diverse HR practices, e.g., regarding dismissals, which are all perceived as being compatible with the core value of 'humanness'.

> *When you go to the US and ask the people there, you will see that their interpretation of a 'human attitude' and human resources is very American. People are fired at [Foodcorp] USA. From one day to the other. And that's their way of doing their business. And if you compare*

[8] The phrasing has been slightly reformulated to safeguard the company's anonymity.

> *that to our location here: I have never ever fired anybody. Never. That is the same company. All these different styles or behavioral norms coexist within the same company. That is absolutely no problem.* (Translated from Japanese)

The common values are, according to our interview partners, deliberately formulated in such a vague way that they give only a very general idea of a shared fundamental orientation at Foodcorp but at the same time leave enough room for different local and individual understandings and practices which are still perceived as being compatible with the shared core value.

> *Yes, I would say that our core values are compatible with all cultures of the world.* (Translated from German)

> *I think a shared set of values is a great objective but in any kind of value system there needs to be enough room for localization. A shared, consistent set of values can only be good if it does not put the local managers in chains.*

Contrary to the managers at Chemcorp, however, the interviewees at Foodcorp do not perceive this situation as stressful, conflicting or contradictory. Instead, they see the tension between a shared fundamental value and highly diverse practices in different contexts as a "natural", unavoidable phenomenon and also as an important element of the company's worldwide success. The mutual reference point of 'humanness' provides in their view enough global coherence inside the organization, while the deliberate acceptance of diverse interpretations of the 'mutual' core value allows for the required local and individual flexibility in the MNC's global network. As Risberg describes her similar findings (Risberg, 1999; see also Schmid, 1996), a common identity and a shared fundamental orientation can accommodate the differences in interpretation and interests pursued within one organizational frame. The existence of indeterminacy and multiple, even conflicting interpretations is thus seen by our interviewees as a necessary and normal state of affairs. The metaphor of a fish shoal is independently used by two of the interviewees to characterize this inherently contradictory notion of being the same and different simultaneously.

> *[Foodcorp] has shared values. If you look at a [Foodcorp] employee, there is a set of values that everybody shares. In general, you will find that all employees are pretty conservative and proud to work here. We all work for a common goal. What is good for [Foodcorp] is good for us. And the top-management has the same values, attitudes, I think. But one thing which is really important at [Foodcorp] is that we recognize that cultures are always different.*

> *I always found it fascinating to watch a shoal of fish. Inside it, the fish move in every direction. One fish swims into a totally different direction than does its neighbor. But as a whole, and that is the fascinating part, the shoal is one unity. There are these great pictures of silvery fish shoals that travel the oceans. It is one common orientation. In fact we react individually to local threats or situations. But seen from a distance, the shoal moves as one entity and that is what we are trying to achieve.* (Translated from German)

Contrary to the actors at Chemcorp, there is no sense of stress or insecurity among our interviewees at Foodcorp. Consequently, they see no need to systematically dissolve or reduce the ambiguity of interpretation attached to the company's core values. Instead, the company relies on their individual managers' ability to adapt to diverse conceptions of 'humanness' when they, for example, rotate to another subsidiary. The concrete meaning of 'humanness' in a specific environment or situation has to be (re-) negotiated with local actors, in particular at organizational interfaces or when new actors (such as expatriates) enter the respective arena. The system demands from the individual actor a high degree of ambiguity tolerance, flexibility and dialogue skills, which according to our interview partners are in fact the focus of the company's personnel recruiting and training programs.

> *We here at [Foodcorp] are trained to accept that all people are different.*

Instead of trying to instill a common, agreed-upon interpretation among diverse actors as in the case of Chemcorp's workshop series, this company concentrates on the development of acceptance of diversity and ambiguity as unavoidable core elements of its organizational culture.

Results and discussion

In both of our case companies the implementation of a global core value set is associated with perceived ambiguity which confirms our preliminary hypothesis from Section 3 about built-in indeterminacy as a design feature of global core value initiatives. However, the actors in our case studies respond to this ambiguity in two different ways. The reaction in the Japanese subsidiary of Chemcorp is primarily characterized by a collective urge to eliminate ambiguity and reestablish clarity immediately. Through the establishment of formal systems and procedures (joint definition, supportive structures, advisory firm) which are able to contain, channel and eventually eliminate ambiguity arising from the multiple interpretations associated with 'integrity', actors inside the Japanese organization can regain control and coherence of meaning. This case reveals how the way in which ambiguity is handled in MNC cultural processes is closely related to managerial interests (in channeling interpretations) and power-based options for safeguarding these interests (using formal power to implement sanctionable rules and supportive structures).

At Foodcorp, actors see no need to fight ambiguity. They accept and live with indeterminacies, which they perceive as being the 'normal' state of affairs in a complex, multinational organization such as theirs. Meaning is constantly renegotiated in this organization where general, openly formulated global core values such as 'humanness' provide only an abstract, mutual reference point and an element of shared identity without further implications, e.g., for coordinated practices across national and organizational divides.

Different consequences arise from the two companies' strategies of handling ambiguity: At Chemcorp the urge to remove ambiguity leads to the bureaucratization of the core value initiative. Formal, written accounts regarding the 'right' understanding and rules for 'proper' behavior, binding for all employees, delimit the individuals' scope for action and leave no room for other interpretations. This channeling of individual behavior into precise, predefined patterns, on the one hand, provides clarity and orientation in daily interaction. On the other hand, however, it constricts flexibility and in this way contributes to the locking of the organization. Other important economic consequences of this strategy are the considerable costs associated with establishing and controlling the 'right' definition of integrity, in particular the costs of maintaining the outside advisory structure and of constant reinforcement and monitoring required to ensure compliance to the established regulations.

Foodcorp's response to ambiguity safeguards flexibility and diversity inside the global system and in this way also guarantees a high degree of local acceptance of the core value initiative among its heterogeneous constituents. Potential conflicts arising between different interpretations of 'humanness' are not preemptively solved by the organization but delegated to the local level where the 'proper' meaning is renegotiated for each situation and context. Where Chemcorp establishes a structure of control, Foodcorp relies on individual actors to develop a locally adequate understanding without compromising the idea of 'humanness'. The acceptance of diversity in meaning is accompanied by a large variability of practices at Foodcorp. When, however, global interdependence inside the organization increases as the interviewees expect in the case of Foodcorp, this heterogeneity of practices will eventually pose a challenge to efficient transnational coordination.

By identifying ambiguities in global core value initiatives our study is in line with the few existing theoretical (Schmid, 1996; Schreyögg, 1993; 2000; Martin, 2002) and empirical (Van Maanen, Laurent, 1993; Kleinberg, 1994; Brannen, 1992) accounts of indeterminacies and heterogeneity of meaning-making processes in multinational organizations. We tried, however, to go beyond the diagnosis of inherent ambiguities and contradictions in so-called transnational corporate cultures and delineate, in addition, how individual and organizational actors respond to arising ambiguities. In our study, patterns of responses turned out to be highly different, with one organization seeking to eliminate ambiguity through multiple bureaucratic measures and the other tolerating and openly accepting ambiguity as an inherent feature of an MNC's complex global network. The heterogeneity of responses in one socio-cultural setting (Japanese subsidiaries of German MNCs), leads us to reaffirm our plea (see also Zaheer, 2002) for more micro-level research on MNCs in general and more specifically on the organizational cultural processes in the MNC. Further in-depth qualitative research venturing beyond the still dominant integration and differentiation perspectives might reveal other alternative responses to ambiguity in MNCs and also identify determinants of the responses chosen. As case 1 reveals, political interests and power relations can in fact have a significant impact on how ambiguity is handled by different actors involved. Despite the obvious limitations of our study (e.g., regarding the focus on only two core values due to limited space in this paper, or our selection of middle and upper managers as interview partners), we therefore believe that exploring the micro-processes triggered by MNCs' global core value initiatives is in fact a good starting point for a better understanding of organizational cultural processes and their ambiguous effects on MNCs.

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In today's world, where cooperation between individuals, groups, organizations, and nations has become an imperative, culture plays an important role. This book offers to the reader a kaleidoscopic view of organizational culture, in which the national and international approaches combine, forming gripping patterns.

For the organizational world the concept of culture has twofold importance. First, it can explain the tendencies in the external environment of organizations as culture, and more specifically, each country's national culture, influences their surroundings. Second, it explains important issues within organizations. This dichotomy emphasizes that culture plays a role both around and inside an organization. While the matters around organizations are the realm of the national culture, the issues inside them are the focus of the organizational culture approach.

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